

Manitoba
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Le Manitoba
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de l'avant

THE PROVINCE OF MANITOBA

Annual Report

PROVINCE DU MANITOBA

Rapport Annuel

For The Year Ended March 31, 2013

Pour l'exercice terminé le 31 mars, 2013

INCLUDES:

The Year End Review | Economic Report
Financial Statement Discussion and Analysis Report
Public Accounts – Volume 1

SOMMAIRE :

Bilan de L'année | Rapport économique
Rapport d'analyse des états financiers
Volume 1 des comptes publics

Manitoba 





MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

HIS HONOUR PHILIP LEE
Lieutenant-Governor of the Province of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of the Province of Manitoba for the year ended March 31, 2013. This document completes the government's accountability reporting for the year. The Report includes a review of the year's results relative to the government's budget. It also contains economic statistics and indicators of the financial health of the Province.

Included in this Annual Report is Volume 1 of the Public Accounts. The Public Accounts contain the summary financial statements of the government reporting entity and management's financial statement discussion and analysis report.

Honourable Stan Struthers
Minister of Finance

Office of the Minister of Finance
September, 2013



MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

SON HONNEUR PHILIP LEE
Lieutenant-gouverneur de la province du Manitoba

Votre Honneur,

J'ai le privilège de vous présenter, à titre informatif, le rapport annuel de la province du Manitoba pour l'exercice qui s'est terminé le 31 mars 2013. Ce document complète le compte rendu des activités du gouvernement pour cet exercice. Le rapport comprend une récapitulation des résultats de l'exercice par rapport au budget du gouvernement. Il contient également des statistiques économiques et des indicateurs de la santé financière de la province.

Ce rapport annuel inclut le Volume 1 des comptes publics. Les comptes publics contiennent les états financiers sommaires de l'entité comptable du gouvernement, ainsi que les commentaires et analyses de la direction à ce sujet.

Monsieur Stan Struthers
Ministre des Finances

Cabinet du ministre des Finances
Septembre 2013

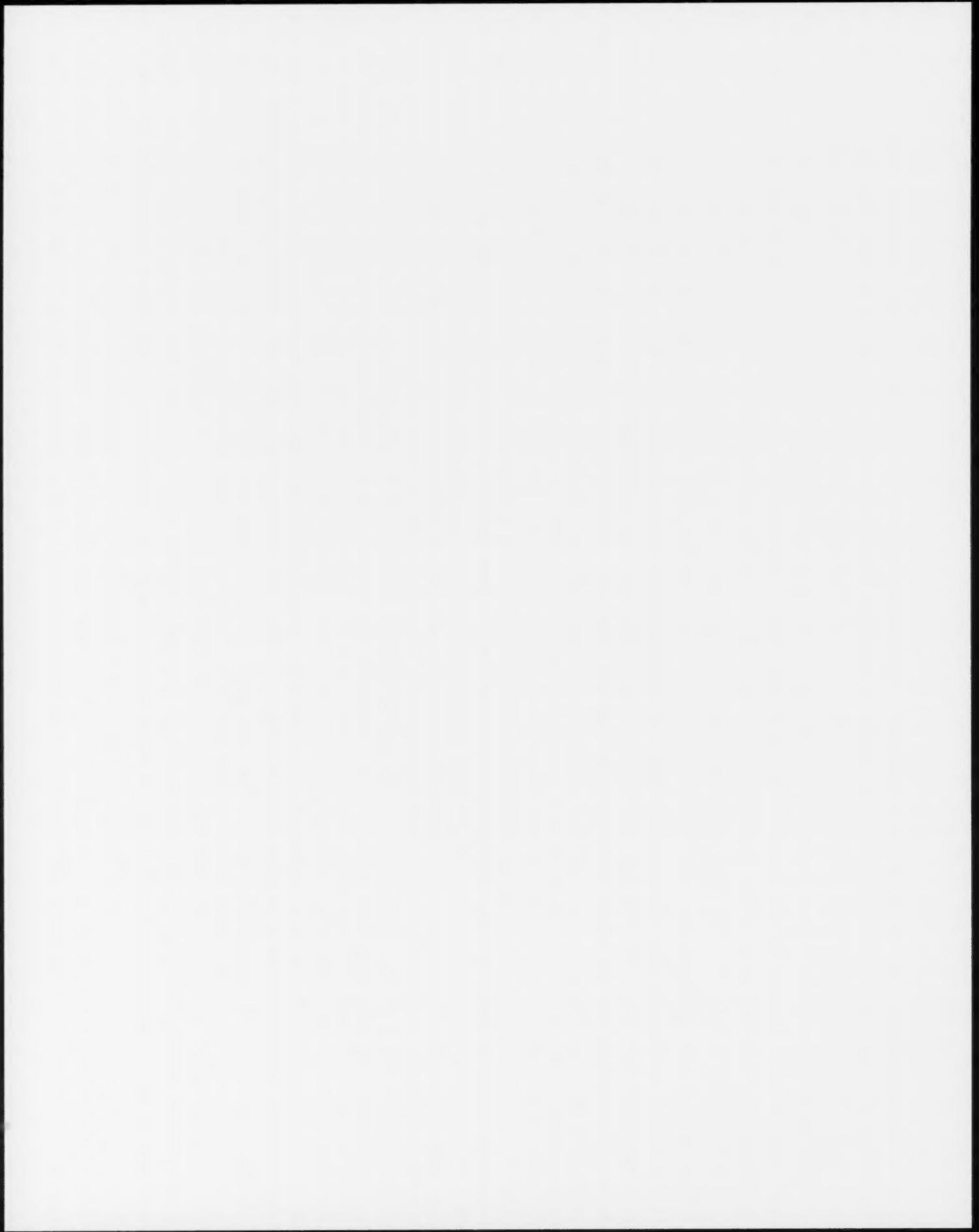
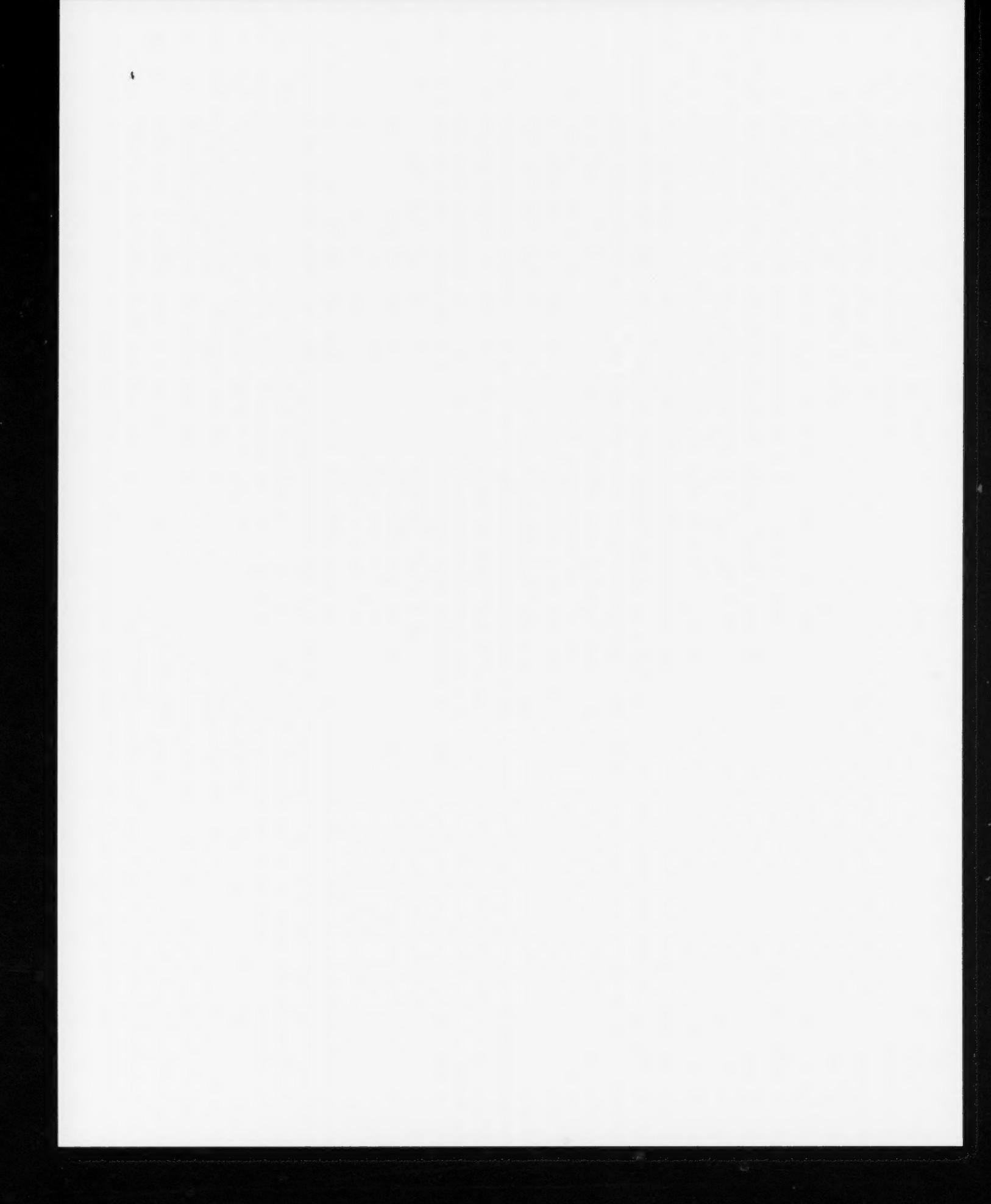


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YEAR-END REVIEW

I am pleased to present the Province's Annual Report for the fiscal year ended March 31, 2013, that contains the financial statements for the year and reports of fiscal and economic performance.

Our summary financial statements show a net loss of \$580 million for the year ended March 31, 2013, consistent with the forecast in the Third Quarter Financial Report but higher than budgeted as a result of pressures in the areas of public safety and supports to children and families. The global economic conditions continued to set the tone for overall growth, however Manitoba's relative performance reflects diversity and balance in the economy. Net debt to GDP was 26.8%, an improvement from 27.4% in Budget 2012.

The annual report continues to improve the accountability and transparency of public sector bodies and, in the Financial Statement Discussion and Analysis section, reports progress on key long-term indicators, established as recommended practices by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

I am pleased to be able to provide Manitobans with the Summary results and our Government will continue our efforts to achieve the objectives and results outlined in our Financial Management Strategy.

Respectfully submitted
Honourable Stan Struthers
Minister of Finance



BILAN DE L'ANNÉE

J'ai le plaisir de vous présenter le rapport annuel de la Province pour l'exercice financier qui s'est terminé le 31 mars 2012 et qui contient les états financiers pour l'exercice ainsi que les rapports sur les résultats financiers et économiques de la province.

Nos états financiers sommaires montrent une perte nette de 580 millions de dollars pour l'exercice terminé le 31 mars 2013, ce qui est conforme aux prévisions du rapport financier du troisième trimestre et supérieur à ce qui était prévu dans le Budget en raison des pressions dans les domaines de la sécurité publique et des soutiens aux enfants et aux familles. La conjoncture mondiale continue d'être propice à la croissance globale, toutefois la performance relative du Manitoba reflète la diversité et l'équilibre de son économie. La dette nette par rapport au PIB était de 26,8 %, une amélioration par rapport au 27,4 % du Budget 2012.

Le rapport annuel continue d'améliorer la transparence et l'obligation redditionnelle des organismes du secteur publié et, dans la partie réservée à l'analyse des états financiers, fait état des progrès accomplis relativement aux indicateurs à long terme établis comme pratiques recommandées par le Conseil sur la comptabilité dans le secteur public de l'Institut Canadien des Comptables Agréés.

Je suis heureux de pouvoir faire part aux Manitobains des résultats sommaires. Le gouvernement continuera à déployer des efforts pour atteindre les objectifs et les résultats soulignés dans sa Stratégie de gestion financière.

Le tout respectueusement soumis.
Monsieur Stan Struthers
Ministre des Finances



ECONOMIC REPORT / RAPPORT ÉCONOMIQUE

In 2012, a sharp rebound in crop production, after two years of notable losses from excess precipitation and flooding, propelled Manitoba's real GDP growth to the second highest among provinces, according to Statistics Canada. Manitoba diverged from the national trend by increasing growth while Canada and all other provinces experienced a deceleration of growth, in line with slower global economic activity.

Overall, Manitoba's economic performance reflected mixed results in 2012. Growth was led by a rebound in agriculture, and on solid growth in construction and oil activity. Measured weakness was recorded in wholesale trade, information and culture, and public administration. Increases in residential and non-residential capital investment were partially offset by a sizable decline in exports to non-U.S. markets, slower manufacturing sales and modest growth in retail sales.

The boost from agriculture lifted overall real GDP growth to 2.7% in 2012. In comparison, the Canadian economy expanded 1.7%. Industrial output in Manitoba's goods-producing sector increased 5.2% in 2012. Industrial output in the service-producing sector expanded modestly at 1.7% with commercial service and non-commercial service both increasing 1.7%. The service sector accounted for 71% of Manitoba's economy in 2012.

The global economic conditions continued to set the tone for overall growth. The Euro Area contracted in 2012, as fiscal consolidation and tighter credit conditions lowered spending. Steady improvements in employment and housing buoyed the U.S. economy. However, continuing cautious business investment spending and a challenging budget situation limited growth to 2.2%. A broad-based moderation in spending and slower export sales held Canadian growth back to 1.7% last year.

Manitoba's relative performance reflects diversity and balance in the economy. Manitoba has 11 different

D'après Statistique Canada, après des pertes importantes deux années de suite à cause d'inondations et de l'excès de précipitations, la forte reprise de la production agricole de 2012 a hissé le PIB réel du Manitoba en deuxième place parmi les provinces canadiennes. En augmentant sa croissance, la Province n'a pas suivi la tendance nationale. En effet, tout comme l'activité économique mondiale, la croissance du Canada et de toutes les autres provinces a ralenti.

Dans l'ensemble, en 2012, la performance économique du Manitoba a connu des résultats mitigés. La reprise agricole, ainsi qu'une croissance stable dans le bâtiment et les activités pétrolières, ont mené la croissance. Une légère faiblesse a été enregistrée dans les secteurs du commerce de gros, de l'information et de la culture, et de l'administration publique. Des augmentations des dépenses en immobilisations résidentielles et non résidentielles ont été partiellement contrebalancées par une baisse notable des exportations vers des marchés non américains, un ralentissement des ventes de produits manufacturés et une croissance modérée des ventes au détail.

Le coup de fouet de l'agriculture a fait monter le PIB réel à 2,7 % en 2012. À titre comparatif, l'économie canadienne a augmenté de 1,7 % cette année-là. En 2012, la production industrielle a augmenté de 5,2 % dans le secteur de la fabrication de biens. Elle a augmenté de façon modeste dans le secteur des services pour atteindre 1,7 %, les services commerciaux et non commerciaux augmentant tous deux de 1,7 %. Le secteur des services a constitué 71 % de l'économie du Manitoba en 2012.

Les conditions économiques mondiales ont continué à être propices à la croissance globale. La Zone Euro s'est contractée en 2012, en raison de la réduction des dépenses due au rééquilibrage budgétaire et au resserrement des conditions de crédit. Des améliorations soutenues aux niveaux de l'emploi et du logement ont permis à l'économie des États-Unis de se maintenir à flot. Cependant, les entreprises restant prudentes quant à leurs dépenses d'investissement et la situation budgétaire restant difficile, la croissance n'a pas dépassé les 2,2 %. Une modération généralisée des dépenses et un ralentissement des ventes destinées à l'exportation a retenu la croissance du Canada à 1,7 % l'année dernière.

La performance relative du Manitoba reflète la diversité et l'équilibre de son économie. Le Manitoba comporte 11

industrial sectors each making up more than 5% of GDP. The range in sector size from the largest industry to the smallest industry is narrowest among provinces. Manitoba's exports are almost evenly distributed between international and interprovincial markets, the most balanced trading pattern among provinces.

Demographic fundamentals remain positive, as Manitoba outpaced the national rate of population growth for the last three years. The corresponding growth in labour supply has been closely matched by job creation; as a result, Manitoba's unemployment rate remains steady. At 5.3% in 2012, Manitoba had the third lowest unemployment rate among provinces and was below Canada at 7.2%.

Gross Domestic Product

In April 2013, Statistics Canada estimated that 2012 real GDP increased by 2.7% in Manitoba, following 1.8% growth in 2011.

Last year, agricultural production rebounded to record 14.8% growth, reversing the 13.3% contraction in 2011 associated with the impacts of the Assiniboine River flood. Manitoba's oil production increased by 25.9% while metal mining declined by 7.1%. Both residential and non-residential investments contributed to the 6.6% growth in construction output.

Several industries experienced slower growth in 2012, including wholesale trade, information and culture, public administration, and accommodation and food services.

secteurs industriels, dont chacun représente plus de 5 % de son PIB. L'amplitude séparant la plus grande industrie du Manitoba et la plus petite est la moins importante des provinces canadiennes. Les exportations manitobaines sont distribuées de façon presque égale entre les marchés internationaux et inter provinciaux. Cette structure des échanges est la plus équilibrée des provinces canadiennes.

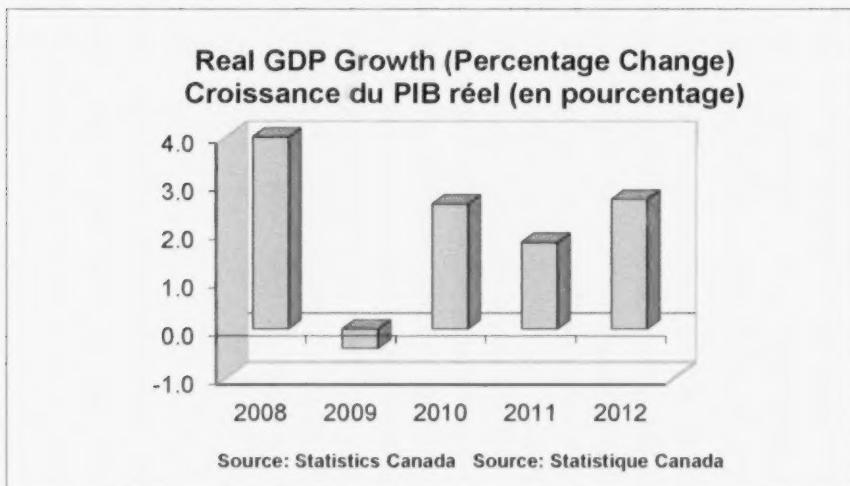
Les facteurs démographiques fondamentaux restent positifs : le Manitoba jouit d'un taux d'accroissement de la population plus élevé que celui du Canada depuis trois ans. L'augmentation de la main-d'œuvre disponible, correspondant au taux d'accroissement de la population, a été étroitement suivie par la création d'emplois. Par conséquent, le taux de chômage du Manitoba reste stable. En 2012, le taux de chômage du Manitoba était de 5,3 %, soit la troisième place canadienne pour le taux le plus bas. Le taux national était de 7,2 %.

Produit intérieur brut

En avril 2013, Statistique Canada a estimé que le PIB réel de 2012 avait augmenté de 2,7 % au Manitoba, après avoir augmenté de 1,8 % en 2011.

L'année dernière, la production agricole a rebondi pour atteindre un taux de croissance record de 14,8 %, renversant la contraction de 13,3 % enregistrée en 2011 en raison de la crue de la rivière Assiniboine. La production de pétrole au Manitoba a augmenté de 25,9 %, alors que l'extraction de métaux a baissé de 7,1 %. Les investissements résidentiels et non résidentiels ont contribué à la croissance de 6,6 % de l'industrie du bâtiment.

Plusieurs industries ont connu un ralentissement de croissance en 2012, notamment le commerce de gros, l'information et la culture, l'administration publique, et l'hébergement et la restauration.



Population

Manitoba's population is estimated at 1,267,003 as of July 1, 2012, the fifth largest among provinces. This is Manitoba's "official" population for the year.

The population growth from the previous year was 15,313 or 1.2%. This is the third consecutive year that Manitoba's population growth rate exceeded the national increase. Although slower than the recent record increases of 1.3% in 2010 and 2011, population growth remains high by historical standards.

Recent population growth is supported by immigration, stable interprovincial migration and increasing natural population growth (births minus deaths). The demographic profile has also changed, with an increase in the number of 15 to 64 aged individuals, Manitoba's median age has shifted from 37.8 in 2009 to 37.6 in 2012, now the third youngest in Canada.

Population

Au 1^{er} juillet 2012, le Manitoba comptait 1 267 003 habitants, ce qui le plaçait au 5^e rang des provinces canadiennes. Il s'agit de la population « officielle » de la province pour cette année.

La population a augmenté de 15 313 personnes par rapport à l'année passée, soit une croissance de 1,2 %. Le taux de croissance de la population du Manitoba dépasse ainsi le niveau national pour la troisième année consécutive. Bien que cela soit moins que les augmentations record (1,3 %) de 2010 et 2011, la croissance de la province reste haute par rapport au passé.

La récente croissance démographique est attribuable à l'immigration, à une migration interprovinciale stable et à une augmentation de la croissance démographique naturelle (naissances moins décès). Le profil démographique a aussi changé, avec une augmentation des personnes âgées de 15 à 64 ans. L'âge moyen au Manitoba est passé de 37,8 ans en 2009 à 37,6 ans en 2012, ce qui fait de la province la 3^e plus jeune du Canada.

Labour Force and Incomes

Manitoba's labour market continued to strengthen in 2012 after advancing in 2011. Total employment increased by 5,600 in 2012 following a gain of 4,700 workers in 2011. Full-time employment increased by

Main-d'œuvre et revenus

Après avoir progressé en 2011, le marché du travail de la province a continué à se renforcer en 2012. Le nombre total d'emplois a augmenté de 5 600 postes en 2012, à la suite de l'arrivée sur le

5,600 and part-time employment increased by 100.

Manitoba's labour force expanded by 5,200 workers in 2012, following a gain of 5,300 in 2011. At 69.1%, Manitoba's labour force participation rate was the third highest among provinces in 2012. The national average labour force participation rate was 66.7% in 2012.

Manitoba's service sector employment, which accounts for 77% of total employment, increased by 9,200 jobs in 2012, while the goods sector employment decreased by 3,700 jobs. Last year, private sector employment increased by 7,500 jobs and public sector employment decreased by 1,900 jobs.

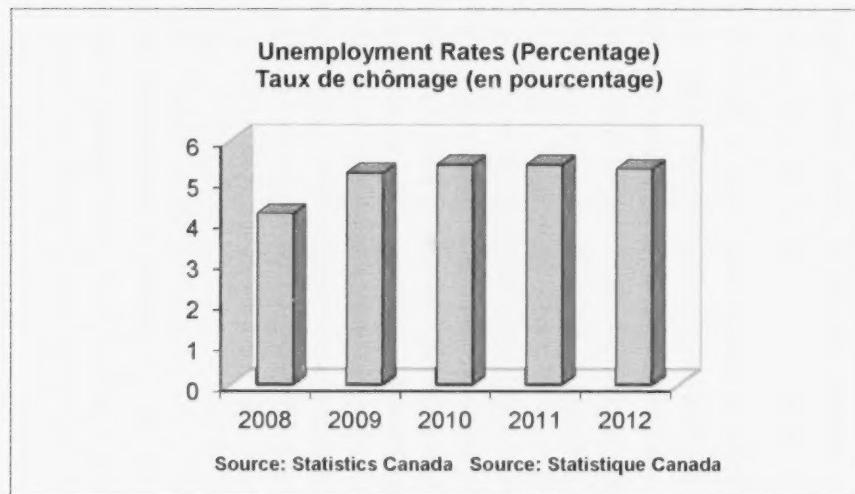
The unemployment rate declined to 5.3% in 2012. The 2012 unemployment rate was the third lowest in Canada behind Alberta and Saskatchewan, and was well below the national rate of 7.2%. In 2012, Manitoba's youth unemployment was 11.0%, also third lowest among provinces.

marché de 4 700 travailleurs supplémentaires en 2011. Il y a eu un gain de 5 600 emplois à plein temps et de 100 emplois à temps partiel.

La population active du Manitoba s'est accrue de 5 200 travailleurs en 2012, après une hausse de 5 300 travailleurs en 2011. Le taux d'activité de la main-d'œuvre (69,1 %) a placé le Manitoba à la 3e place parmi les provinces canadiennes en 2012. La moyenne nationale du taux d'activité était de 66,7 % en 2012.

En 2012, 9 200 emplois ont été créés dans le secteur des services, qui représente 77 % du marché de l'emploi au Manitoba, alors que le secteur des biens a perdu 3 700 emplois. L'année dernière, le nombre d'emplois s'est accru de 7 500 dans le secteur privé et a diminué de 1 900 dans le secteur public.

Le taux de chômage a baissé pour atteindre 5,3 % en 2012. Avec un taux bien en dessous de la moyenne nationale de 7,2 %, le Manitoba occupait en 2012 le troisième rang canadien des provinces aux taux de chômage les plus bas, derrière l'Alberta et la Saskatchewan. En 2012, le taux de chômage chez les jeunes au Manitoba était de 11 %, classant également la province au troisième rang des provinces aux taux les plus faibles.



Investment

In Manitoba, capital expenditures have been extremely buoyant for a number of years. Over 10 years, annual capital spending has more than doubled from \$6.0 billion in 2002 to \$12.3 billion in 2012. In addition, Manitoba has the most consistent growth in business capital investment of all provinces with only one year of decline in the past 21 years.

Manitoba's total capital investment increased by 9.7% in 2012. Annual investment in new structures in Manitoba reached a record \$8.9 billion, and investment in machinery and equipment marked a record \$3.4 billion. Private capital investment increased 4.9%, compared to an estimated national increase of 7.8%. Public investment rose by 21.1% in Manitoba and by 4.9% in Canada.

In the last five years, investment growth focused on mining and utilities, with capital spending increasing by \$703 and \$709 million, respectively. Over the same period, capital investment increased 38% in Manitoba, third highest among the provinces and double the 19% national increase.

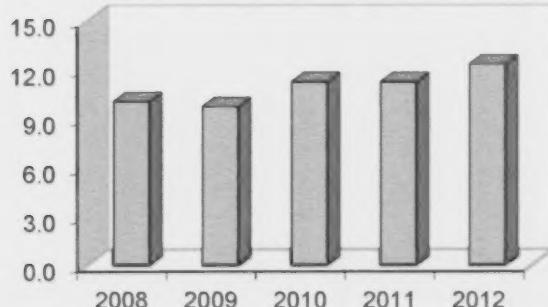
Investissements

Au Manitoba, les dépenses en capital ont été extrêmement élevées pendant plusieurs années. En 10 ans, les dépenses en capital annuelles ont plus que doublé, passant de 6 milliards en 2002 à 12,3 milliards en 2012. De plus, le Manitoba affiche les meilleurs résultats de toutes les provinces en ce qui concerne la croissance régulière des investissements de capital des entreprises commerciales, puisqu'il n'a connu qu'une seule année de diminution en 21 ans.

Le total des investissements en immobilisations du Manitoba a augmenté de 9,7 % en 2012. Les investissements annuels dans de nouvelles structures au Manitoba ont atteint le montant record de 8,9 milliards, et les investissements dans la machinerie et l'outillage ont atteint les 3,4 milliards, ce qui est également un record. Les investissements de capitaux privés ont augmenté de 4,9 %, comparativement à une augmentation nationale estimée à 7,8 %. L'investissement public a augmenté de 21,1 % au Manitoba et de 4,9 % au Canada.

Au cours des cinq dernières années, la croissance des investissements était centrée sur les mines et les services publics, les dépenses en capital de ces secteurs ayant augmenté de 703 millions de dollars et de 709 millions de dollars respectivement. Au cours de la même période, les investissements en immobilisations ont augmenté de 38 % au Manitoba, ce qui constitue le double de la croissance nationale (19 %) et place le Manitoba au 3^e rang parmi les provinces.

Capital Investment (Billions of Dollars)
Investissements en immobilisations (en milliards de dollars)



Source: Statistics Canada Source: Statistique Canada

Sectoral Developments

Manitoba manufacturing sales increased by 1.4% to \$15.6 billion in 2012, after rebounding 6.7% in 2011, reversing a previous two-year decline in sales. Canadian sales increased 3.5%. Weaker global demand lowered food and chemical sales. Overall, sales on non-durable goods declined 3.9% in 2012. The increases were broad based, but mainly in durable manufactured goods.

In 2012, Manitoba manufacturing sales increased in five of eight sub-sectors. Wood (17.4%), electrical appliances (14.4%), transportation equipment (11.5%), machinery equipment (8.2%) and fabricated metals (6.7%) sales led the sector, while food (-5.7%), chemicals (-2.7%) and printing (-0.6%) sales led the losses.

Manufacturing accounts for 10% of GDP and 10% of employment, Manitoba's largest industry. The majority of manufactured goods are exported. This diverse mix of exports includes industrial and consumer goods, and ranges from aerospace products, buses, food products, wood products, and industrial and agricultural chemicals.

Développements sectoriels

Les ventes de produits manufacturés au Manitoba ont augmenté de 1,4 % en 2012 pour atteindre 15,6 milliards de dollars, après une reprise qui les a vues augmenter de 6,7 % en 2011, renversant la baisse des ventes des deux années précédentes. Les ventes au Canada ont augmenté de 3,5 %. La faiblesse de la demande mondiale a fait baisser les ventes d'aliments et de produits chimiques. Dans l'ensemble, les ventes de biens non durables ont baissé de 3,9 % en 2012. Les augmentations concernent tous les secteurs, mais proviennent principalement de biens durables manufacturés.

En 2012, les ventes de produits manufacturés au Manitoba ont augmenté dans cinq sous-secteurs sur huit. Les ventes de bois (17,4 %), d'appareils électriques (14,4 %), de matériel de transport (11,5 %), de machinerie et d'outillage (8,2 %), et de métaux transformés (6,7 %) ont mené les ventes dans ce secteur, alors que les aliments (-5,7 %), les produits chimiques (-2,7 %) et l'imprimerie (-0,6 %) ont connu les pertes les plus importantes.

Les produits manufacturés constituent 10 % du PIB et 10 % du nombre d'emplois. C'est la plus grande industrie du Manitoba. La majeure partie des biens fabriqués sont exportés. Cet éventail d'exportations comprend les biens industriels et de consommation, notamment des produits du domaine aérospatial, des autobus, des produits alimentaires, des produits du bois, et des produits chimiques industriels et agricoles.



In 2012, Manitoba exports declined 4.8%, third lowest among provinces and below Canada's increase of 1.9%. The recovery in U.S. housing and employment lifted U.S. destined exports by 4.5% in 2012. Non U.S. exports declined 19.1% reflecting reduced grain shipments due to low yields and small harvests in 2010 and 2011. In addition, metal ore exports fell in 2012 after receiving a one-time boost in 2011 from a smelter closure and inventory reduction.

En 2012, les exportations manitobaines ont baissé de 4,8 %, plaçant la province au 3^e rang des provinces aux taux les plus faibles, et en dessous de la croissance du Canada (1,9 %). La relance du logement et de l'emploi aux É.-U. ont fait monter les exportations à destination de ce pays de 4,5 % en 2012. Les exportations non destinées aux É.-U. ont baissé de 19,1 %, reflétant la réduction des expéditions de céréales due aux faibles rendements et aux maigres récoltes de 2010 et 2011. Par ailleurs, les exportations de minerais métalliques ont chuté en 2012, après la stimulation ponctuelle de 2011, en raison de la fermeture d'une fonderie et de la réduction de l'inventaire.

Manitoba farm cash receipts increased 4.5% in 2012 to \$5.2 billion. Crop receipts were up 7.1% with weakness in oilseeds and wheat offset by strength in specialty crops. Livestock receipts increased 2.3% with a sharp increase in cattle receipts offset by a decrease in hog receipts. Direct payments, which include crop insurance and other transfers to producers, are estimated to have decreased by 0.8% in 2012. Crop production rebounded in 2012, from two years of flooding and bad weather, with increases in all crops: wheat 76%, canola 20%, corn for grain 97%, soybeans 84% and barley 137%.

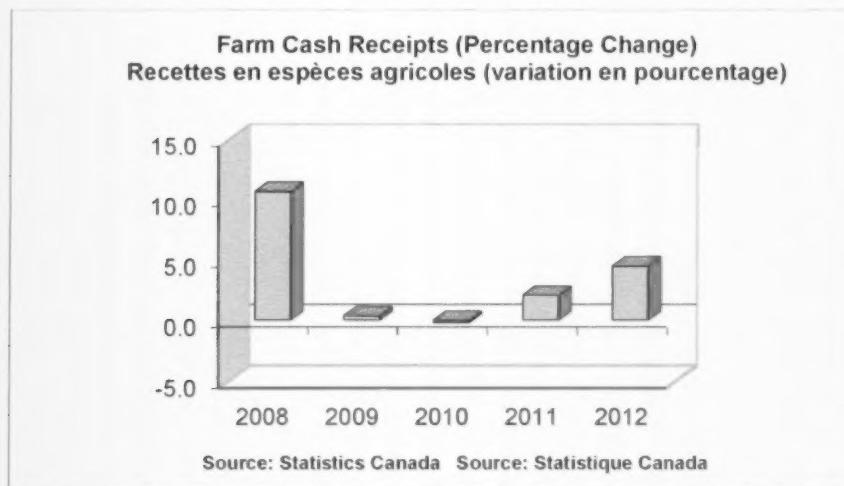
Les recettes en espèces agricoles du Manitoba ont augmenté de 4,5 % en 2012 pour atteindre 5,2 milliards de dollars. Les recettes des productions végétales ont augmenté de 7,1 %, la faiblesse des oléagineux et du blé ayant été contrebalancée par la croissance des cultures spéciales. Les recettes tirées de la vente du bétail ont augmenté de 2,3 %, la forte augmentation des gains dans le secteur bovin ayant été atténuée par une baisse des recettes dans le secteur porcin. On estime que les paiements directs, qui comprennent les prestations d'assurance-récolte et d'autres transferts aux producteurs, ont baissé de 0,8 % en 2012. Après deux ans d'inondations et de mauvais temps, la production agricole a rebondi en 2012 et a connu des augmentations de toutes les cultures : blé (76 %), canola (20 %), maïs-grain (97 %), soja (84 %) et orge (137 %).

The livestock sector in Manitoba continues to be impacted by the U.S. Country of Origin Labeling (COOL) regulations for meat products. Recently, Canada and Mexico won a ruling by the World Trade Organization against these regulations. Subsequently,

Le secteur de l'élevage du Manitoba est toujours touché par les réglementations américaines COOL (Country of Origin Labeling) en matière de viande. Récemment, l'Organisation mondiale du commerce a donné raison au Canada et au Mexique en se prononçant contre ces

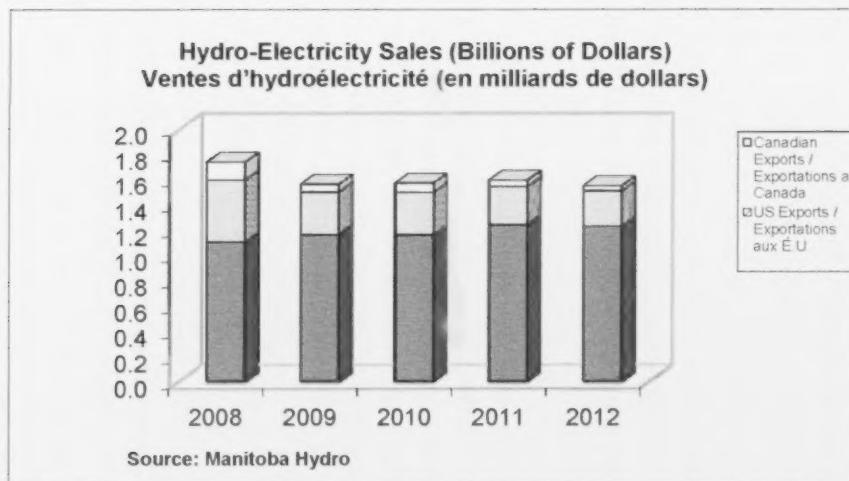
the U.S. has revised COOL regulations to comply with this ruling; however, these revised regulations will generate even greater trade barriers than the 2009 regulations.

réglementations. À la suite de cette décision, les É.-U. ont révisé les réglementations COOL. Cependant, ces révisions créeront des barrières encore plus importantes que celles des réglementations de 2009.



In 2012, the value of Manitoba electricity sales decreased by 2.8%. Approximately 88% of export sales are to the U.S. with the balance to other Canadian provinces. Since export sales to the U.S. are priced in US\$, the Canadian dollar appreciation is reflected in lower sales receipts.

En 2012, la valeur des ventes d'énergie électrique au Manitoba a baissé de 2,8 %. Environ 88 % des ventes à l'exportation sont destinées aux É.-U. et le reste aux autres provinces canadiennes. Les exportations à destination des É.-U. étant facturées en dollars américains, la baisse des encaissements sur ventes reflète l'appreciation du dollar canadien.



In 2012, Manitoba housing starts increased to 7,242 units, a 19.1% increase and almost double the 10.8% national increase. Single starts were up 8.8% while multiples increased 36.5%. In 2012, housing starts in Manitoba were at the highest level since 1987, and the share of multiple starts at 42% is the highest since 1987 when they were 43% of total starts.

Il y a eu 7 242 mises en chantier d'habitations au Manitoba en 2012. Cela représente une augmentation de 19,1 %, soit presque le double de l'augmentation nationale de 10,8 %. Les mises en chantier d'habitations individuelles ont augmenté de 8,8 % et celles d'habitations à logements multiples ont augmenté de 36,5 %. En 2012, les mises en chantier d'habitations au Manitoba ont atteint leur niveau le plus haut depuis 1987, et la part des mises en chantier d'habitations multiples était à 42 %, son plus haut niveau depuis 1987, année où elle représentait 43 % du total des mises en chantier d'habitations.

In 2012, the value of building permits in Manitoba increased 34.9%. Non-residential permits were up 53.8% while residential permits increased 24% from 2011. Canadian permits were up 9.3% in 2012. Manitoba residential permits increased (24%) and non-residential permits increased (53.8%). Non-residential building permits were supported by growth in: industrial permits (126.6%); commercial permits (41.2%); and institutional permits (37.9%).

En 2012, la valeur des permis de construction a augmenté de 34,9 % au Manitoba. La valeur des permis de construction non résidentielle a augmenté de 53,8 %, et celle des permis de construction résidentielle a augmenté de 24 % en 2011. Les permis de construction au Canada ont augmenté de 9,3 % en 2012. La valeur des permis de construction résidentielle a augmenté de 24 %, et celle des permis de construction non résidentielle a augmenté de 53,8 % au Manitoba. Les permis de construction non résidentielle ont bénéficié de la croissance des permis de construction à usage industriel (126,6 %), commercial (41,2 %) et institutionnel (37,9 %).

Manitoba retail sales increased 1.6% in 2012 compared to a 2.5% increase in Canada. 2012 retail sales rose on the strength of department store sales (6.2%), furniture (5.5%), sporting goods (4.6%) and clothing (4.2%). Sales of electronics and appliances declined (5.8%), along with personal services (2.7%) and gasoline sales (2.5%).

Les ventes au détail ont augmenté de 1,6 % en 2012 au Manitoba, comparativement à une hausse de 2,5 % au Canada. En 2012, les ventes au détail ont augmenté grâce notamment à la grande distribution (6,2 %), et à la vente de meubles (5,5 %), d'équipements de sport (4,6 %) et de vêtements (4,2 %). Les ventes d'appareils électroniques et ménagers ont baissé (5,8 %), tout comme les services personnels (2,7 %) et les ventes d'essence (2,5 %).

The number of new vehicles sold in Manitoba increased 7.6% last year to 52,236 units, similar to the 7.0% growth in 2011, and higher than the 5.9% national increase. Passenger car sales increased 9.8% while truck sales advanced 6.6%.

Le nombre de nouveaux véhicules vendus au Manitoba a augmenté de 7,6 % l'année dernière pour atteindre les 52 236 unités, ce qui est semblable à la croissance de 2011 (7 %), et plus fort que la hausse nationale (5,9 %). Les ventes de voitures de tourisme ont augmenté de 9,8 % et les ventes de camions de 6,6 %.



The total value of production for Manitoba's metal and mineral mining declined in 2012 with modest increases in production being offset by soft demand that led to lower commodity prices. The volume of nickel, zinc and gold increased in 2012, but copper declined with the closure of two mines.

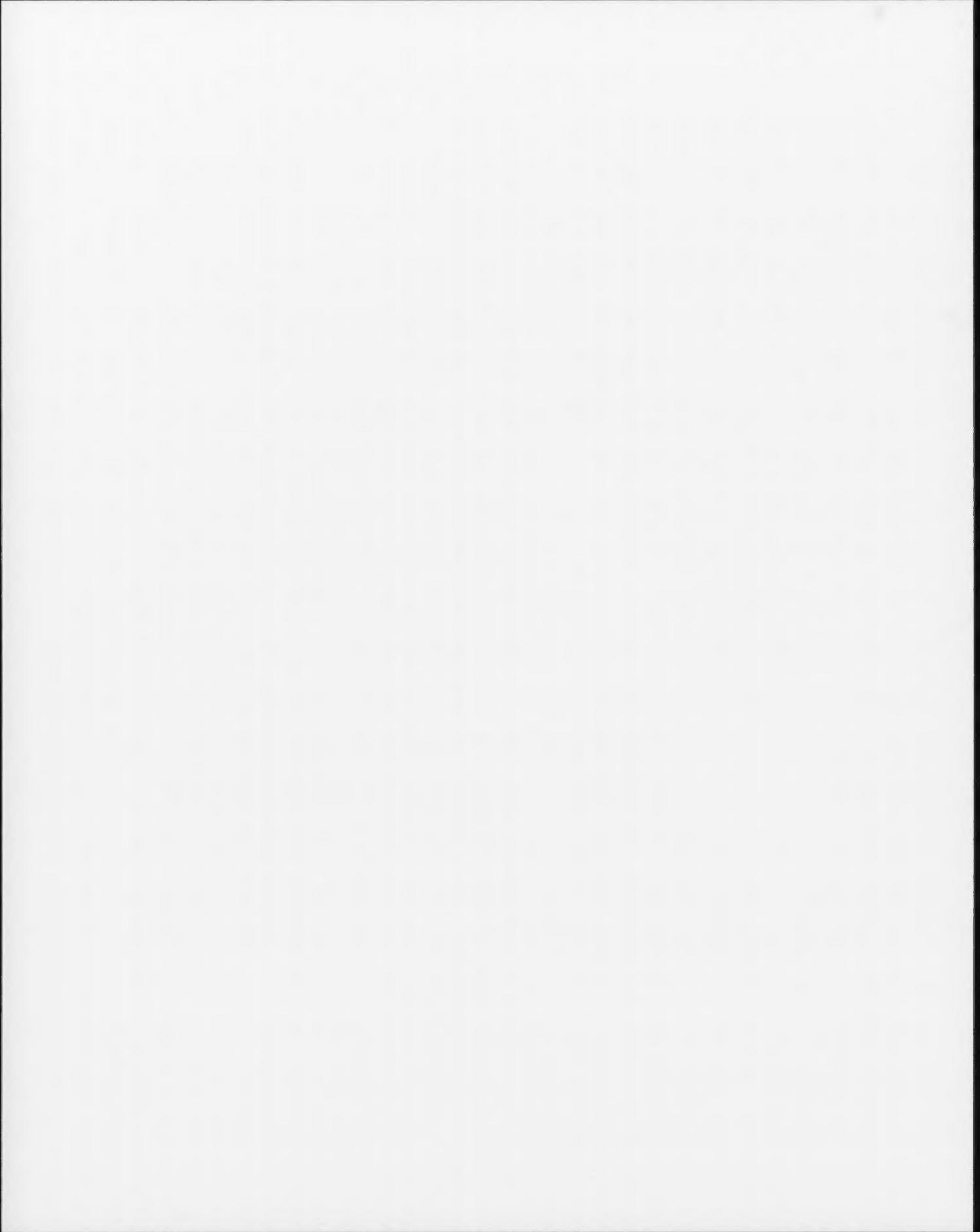
Petroleum volume production continued to increase, growing 25% in 2012 and generating a 14.6% increase in the value of production. Altogether, Manitoba's mining industries value of production (including petroleum) decreased 2.5% in 2012 with the value of mining production, excluding fuels, decreasing 15.7%. A milestone was reached in 2012, and marked the first time that the value of mineral production was equally split between petroleum and mineral output, both with \$1.5 billion value of output.

La valeur totale de l'extraction des métaux et des minéraux a baissé en 2012, les modestes augmentations de production ayant été contrées par une demande faible qui a mené à une baisse des prix des produits. Le volume de nickel, de zinc et d'or extrait a augmenté en 2012, mais celui du cuivre a baissé en raison de la fermeture de deux mines.

Le volume de la production de pétrole a continué à progresser, augmentant de 25 % en 2012 et générant une augmentation de 14,6 % de la valeur de la production. Dans l'ensemble, la valeur de la production de l'industrie minière du Manitoba (y compris la production de pétrole) a baissé de 2,5 % en 2012, et la valeur de la production minière (à l'exception des carburants) a baissé de 15,7 %. Une étape a été atteinte en 2012 : pour la première fois, la valeur de la production minérale a été partagée de manière égale entre les productions minière et pétrolière, représentant chacune 1,5 milliard de dollars.

**PUBLIC ACCOUNTS
VOLUME 1
FOR THE YEAR ENDED
MARCH 31, 2013**

**VOLUME 1
DES COMPTES PUBLICS
POUR L'EXERCICE TERMINÉ
LE 31 MARS 2013**



INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA/ INTRODUCTION AUX COMPTES PUBLICS DU MANITOBA

Nature of the Public Accounts

The Public Accounts of Manitoba are prepared annually by statutory requirement in accordance with section 65(1) of *The Financial Administration Act*, which is Chapter F55 of the Continuing Consolidation of the Statutes of Manitoba. The Public Accounts reflect the summary financial position of the Government and the operating results for the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources:

- the summarized financial information presented in the accounts of Manitoba, maintained by the Provincial Comptroller; and
- the detailed records, maintained by departments, agencies, Crown organizations (Crowns) and Government Business Enterprises (GBEs).

Each department and public sector organization is responsible for reconciling its accounts to the control accounts of the Provincial Comptroller, and for maintaining detailed records of the transactions in their accounts.

Format of the Public Accounts of Manitoba

The Public Accounts of Manitoba consists of the following volumes:

Volume 1 presents the Economic Report, the Financial Statement Discussion and Analysis, the audited summary financial statements of the Government, and audited financial reports on the Fiscal Stabilization Account and the Debt Retirement Account; and the unaudited Consolidated Details and Reconciliation to Core Government Results;

Volume 2 presents the audited Schedule of Public Sector Compensation Payments of \$50,000 or more and the Government Departments' and Special Operating Agencies' payments in excess of \$5,000 that do not require an audit; and

Volume 3 presents Supplementary Schedules and other statutory reporting requirements.

Nature des comptes publics

Les Comptes publics du Manitoba sont préparés tous les ans par obligation légale, conformément au paragraphe 65(1) de la *Loi sur la gestion des finances publiques*, chapitre F55 de la *Codification permanente des lois du Manitoba*. Les comptes publics présentent la situation financière sommaire du gouvernement et les résultats de ses activités pour l'exercice financier du gouvernement, qui se termine le 31 mars.

Les renseignements fournis dans le rapport proviennent de deux sources :

- le résumé de l'information financière présentée dans les comptes du Manitoba, qui sont tenus par le contrôleur de la province;
- les registres détaillés, qui sont tenus par les ministères, les organismes, les sociétés de la Couronne et les entreprises publiques.

Chacun des ministères et des organismes du secteur public est responsable du rapprochement de ses comptes et des comptes collectifs tenus par le contrôleur de la province, et de la tenue de registres détaillés de leurs opérations comptables.

Composition des Comptes publics du Manitoba

Les Comptes publics du Manitoba comprennent les volumes suivants :

Le volume 1 présente le Rapport économique, le Rapport d'analyse des états financiers, les états financiers sommaires vérifiés du gouvernement, ainsi que les rapports financiers vérifiés portant sur l'état annuel du solde à la fin de l'exercice en vertu de le compte de stabilisation des revenus, le compte de remboursement de la dette, et la réconciliation non vérifiées des opérations consolidées aux résultats du gouvernement centrale.

Le volume 2 présente la liste vérifiée des paiements de rémunération du secteur public totalisant 50 000 \$ ou plus, ainsi que les paiements totalisant plus de 5 000 \$ qui n'exigent pas de vérification et qui sont versés par les ministères gouvernementaux et par les organismes de service spécial.

Le volume 3 présente les annexes supplémentaires et les autres documents qui satisfont aux exigences législatives en matière de rapport.

Volume 4 is provided as a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity (GRE), but is not considered to be part of the Public Accounts of Manitoba.

Volume 1: Annual Report for the Year ended March 31, 2013 - This volume contains the following specific information:

Financial Statement Discussion and Analysis - This section provides a written commentary on the summary financial statements plus additional information on the financial and economic performance of the Provincial Government. The information contained in the Financial Statement Discussion and Analysis section is taken from the March 31, 2013 summary financial statements on pages 67 - 114.

Summary Financial Statements - These audited statements disclose the financial impact of the Government's activities. Only the Government's summary financial statements provide the key information on the financial activities of the entire Government. The summary financial statements include the financial results of the approximately 170 different agencies the Government uses to deliver its goods and services. The GRE includes the core Government and Crown organizations, government business enterprises and public sector organizations such as regional health authorities, school divisions, universities and colleges. The departments and entities comprising the GRE are disclosed in Schedule 8 of the summary financial statements.

The summary financial statements also provide the following key financial information:

- the Government's financial position at March 31 each year
- the results of its operations for the year
- what revenue it brought in and what it spent (i.e. annual surplus or deficit)
- how much it borrowed, repaid or refinanced
- how it obtained and used its cash

Le **volume 4** est un recueil des états financiers vérifiés des fonds, des organisations de la Couronne, des organismes publics et des entreprises publiques inclus dans le périmètre comptable du gouvernement, mais il n'est pas considéré comme faisant partie des comptes publics du Manitoba.

Volume 1 : Rapport annuel pour l'exercice terminé le 31 mars 2013 - ce volume contient l'information financière suivante :

Analyse des états financiers - cette section fournit un exposé écrit des états financiers sommaires, ainsi que des renseignements complémentaires sur la performance financière et économique du gouvernement du Manitoba. Les renseignements contenus dans l'analyse des états financiers sont tirés des états financiers sommaires pour l'exercice terminé le 31 mars 2013 (pages 67 à 114).

États financiers sommaires - les états financiers sommaires sont des états vérifiés qui précisent l'incidence financière des activités du gouvernement. Seuls les états financiers sommaires du gouvernement fournissent des renseignements clés sur les activités financières de tout le gouvernement. Ces états comprennent les résultats financiers des 170 organismes différents dont se sert le gouvernement pour fournir des biens et des services. Le périmètre comptable du gouvernement inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges. Les ministères et les organismes compris dans le périmètre comptable du gouvernement figurent à l'annexe 8 des états financiers sommaires.

Les états financiers sommaires contiennent les renseignements financiers clés suivants :

- la situation financière du gouvernement au 31 mars chaque année;
- les résultats des activités de l'exercice;
- le total des recettes et des dépenses (c'est-à-dire, l'excédent ou le déficit annuel);
- les sommes empruntées, remboursées ou refinancées;
- les sommes obtenues et la façon dont elles ont été utilisées.

Other Financial Reports – This section includes reports on information other than financial statements, including:

- the Fiscal Stabilization Account (audited),
- the Debt Retirement Account (audited), and
- Consolidated Details and Reconciliation to Core Government Results (unaudited)

Autres rapports financiers – cette section comprend des rapports portant sur l'information financière autre que les états financiers, notamment :

- le compte de stabilisation des revenus (vérifiés);
- le compte de remboursement de la dette (vérifiés); et
- la réconciliation des opérations consolidées aux résultats du gouvernement centrale (non vérifiés).

Volume 2: Supplementary Information - This volume contains the following specific information:

Schedule of Public Sector Compensation of \$50,000 or More - This audited schedule contains payments of \$50,000 or more as paid through Government Departments as well as those paid by Special Operating Agencies, as required by *The Public Sector Compensation Disclosure Act*, and

Statement of Payments in Excess of \$5,000 to Corporations, Firms, Individuals, Other Governments and Government Agencies - Included are details of Consolidated Fund and Special Operating Agencies' payments in excess of \$5,000 to corporations, firms, individuals, other governments and government agencies.

Volume 2 : Supplément d'information - ce volume contient l'information suivante :

Liste de la rémunération dans le secteur public - cette liste vérifiée présente les paiements totalisant 50 000 \$ ou plus, qu'il s'agisse des paiements versés par les ministères gouvernementaux ou de ceux versés par les organismes de service spécial, conformément aux exigences de la *Loi sur la divulgation de la rémunération dans le secteur public*.

État des paiements de plus de 5 000 \$ versés à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics - cet état contient la liste des paiements de plus de 5 000 \$ versés à même le fonds de fonctionnement ou par les organismes de service spécial à des sociétés, à des entreprises, à des particuliers, à d'autres administrations publiques et à des organismes publics.

Volume 3: Supplementary Schedules and Other Statutory Reporting Requirements - This volume contains unaudited statements, schedules and other information, as well as the following audited statement:

- the Report of Amounts Paid or Payable to Members of the Assembly;

Volume 3 : Annexes supplémentaires et autres rapports prévus par la loi - ce volume contient des états, des annexes et d'autres renseignements non vérifiés, à l'exception des deux états suivants :

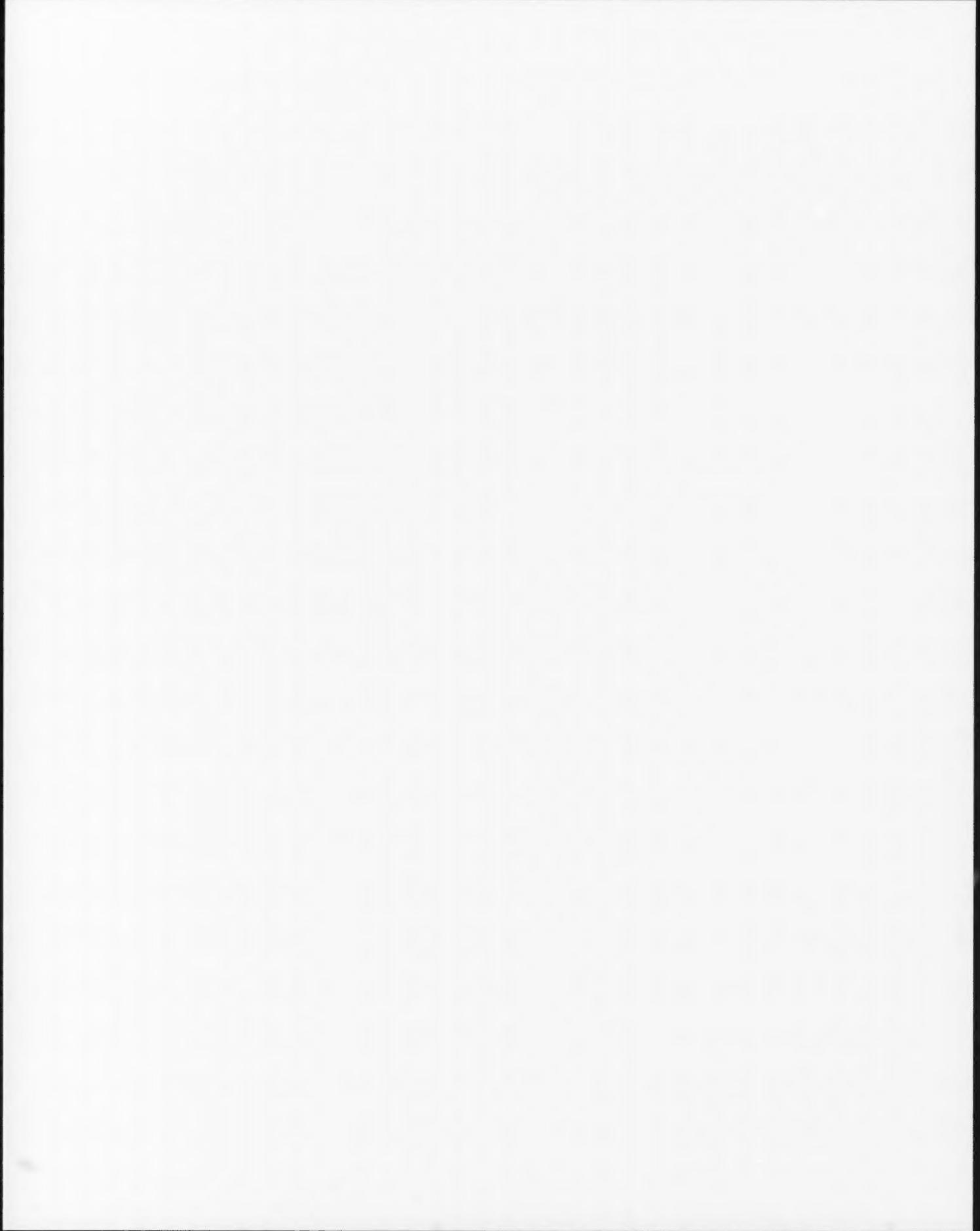
- le rapport des sommes versées ou à verser aux membres de l'Assemblée législative;

Volume 4: This volume includes a compendium of unaudited financial statements of special funds and audited financial statements of organizations, agencies and enterprises included in the Government Reporting Entity, but is not considered to be part of the Public Accounts of Manitoba.

The Public Accounts of Manitoba are available on the Internet at:
www.fin.gov.mb.ca

Volume 4 : Ce volume comprend un recueil d'états financiers vérifiés de fonds, d'organisations, d'organismes et d'entreprises.

Les Comptes publics du Manitoba peuvent être consultés sur Internet à l'adresse suivante :
www.fin.gov.mb.ca



**FINANCIAL STATEMENT DISCUSSION AND ANALYSIS REPORT/
Rapport d'analyse des états financiers**

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2012/13 FINANCIAL HIGHLIGHTS

The highlights section provides a summary of the key events affecting the summary financial statements for the 2012/13 fiscal year with comparisons to results for the previous fiscal year, as applicable.

- The summary financial statements of the Province of Manitoba fully comply with Canadian generally accepted accounting principles for the public sector and received an unqualified audit opinion from the Auditor General of Manitoba.
- The global economic conditions continued to set the tone for overall growth. Overall, Manitoba's relative performance reflects diversity and balance in the economy. Statistics Canada estimates that Manitoba's real Gross Domestic Product (GDP) grew 2.7% in 2012 following 1.8% growth in 2011.
- The Government recorded a net loss of \$580 million, which is \$3 million lower than forecast in the Third Quarter Financial Report and was \$120 million greater than projected in Budget 2012.
- The 2012/13 results included revenue of \$13,786 million that sustained program expenses of \$13,527 million and public debt charges of \$839 million.
- Overall public debt charges as a percentage of revenue remained relatively consistent at 6.1%.
- The Province invested \$1,273 million on new tangible capital assets during the year.
- The net debt position (the difference between total liabilities and financial assets) was at \$15,893 million at the end of 2012/13, up \$1,343 million from its balance as at March 31, 2012. Net debt to GDP increased to 26.8% from 25.6% at March 31, 2012. The ratio of net debt to total revenues has increased to 115.3% from 106.3% at March 31, 2012.

FAITS SAILLANTS 2012-2013

Les faits saillants résument les éléments clés des états financiers sommaires pour l'exercice financier 2012-2013 et les comparent aux résultats de l'exercice financier précédent, s'il y a lieu.

- Les états financiers sommaires de la Province du Manitoba sont entièrement conformes aux principes comptables généralement reconnus au Canada pour le secteur public, et la vérificatrice générale du Manitoba a émis à leur sujet une opinion de l'auditeur sans réserve.
- Les conditions économiques mondiales ont continué à être propices à la croissance globale. Dans l'ensemble, la performance relative du Manitoba reflète la diversité et l'équilibre de son économie. Statistique Canada estime que le PIB réel du Manitoba a augmenté de 2,7 % en 2012, après une croissance de 1,8 % en 2011.
- Le gouvernement a enregistré une perte nette de 580 millions de dollars, soit 3 millions de moins que prévu dans le rapport financier du troisième trimestre et 120 millions de plus qu'indiqué dans le Budget 2012.
- Les résultats de 2012-2013 comprenaient des recettes de 13 786 millions de dollars, qui ont servi à couvrir des dépenses de programmes de l'ordre de 13 527 millions de dollars et à assumer des frais de la dette publique établis à 839 millions de dollars.
- Les frais globaux de la dette publique en pourcentage des recettes totales sont demeurés constants, à 6,1 %.
- La Province a investi 1 273 millions de dollars en nouvelles immobilisations corporelles au cours de l'exercice.
- La dette nette (le total des passifs moins les actifs financiers) s'élevait à 15 893 millions de dollars à la fin de 2012-2013, une hausse de 1 343 millions de dollars par rapport au solde du 31 mars 2012. Le ratio entre la dette nette et le PIB est passé de 25,6 % à 26,8 % au 31 mars 2012. Celui entre la dette nette et les recettes totales est passé de 115,3 % à 106,3 % au 31 mars 2012.

- The accumulated deficit (the difference between total liabilities and financial and non-financial assets) stood at \$5,936 million as at March 31, 2013, an increase of \$592 million from March 31, 2012. The accumulated deficit to GDP ratio was 10.0%, up from 9.4% at March 31, 2012.
- Le déficit accumulé (le total des passifs moins les actifs financiers et non financiers) s'établissait à 5 936 millions de dollars au 31 mars 2013, en augmentation de 592 millions de dollars par rapport au 31 mars 2012. Le ratio entre le déficit accumulé et le PIB a augmenté, pour se situer à 10,0 %, contre 9,4 % au 31 mars 2012.

FINANCIAL CONDITION OF THE GOVERNMENT

The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPAC), through a statement of recommended practices, suggests a number of financial indicators to assist in the assessment of a government's financial condition. There are no established public sector benchmarks for these indicators. The indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years to facilitate comparisons and assist in the assessment of the Government's financial health in the context of the current economic and financial environment. The recommended indicators are grouped into three categories:

- (1) **Sustainability** - measures a government's ability to maintain its programs without the need to increase its borrowings.
- (2) **Flexibility** - how well a government can respond to rising financial commitments by either expanding its revenue or increasing its borrowings.
- (3) **Vulnerability** - how much a government relies on revenue sources beyond its direct control or influence, both domestic and international.

Source of data and its limitations

The financial indicators in this report use key financial information from the audited summary financial statements. Economic information is obtained from Statistics Canada and the Manitoba Bureau of Statistics. Comparative data presented is not adjusted for inflation. Comparative results are restated to conform to any changes in accounting policy or presentation adopted in the current fiscal year. The financial indicators in this section present the results in the same format as presented in the Public Accounts of Manitoba.

The Government's 2012/13 Financial Condition

This section describes the Government's financial health using the CPAC's three categories of sustainability, flexibility, and vulnerability. The section also describes each category and the related indicators. For each indicator, it provides trend data

LA SITUATION FINANCIÈRE DU GOUVERNEMENT

Le Conseil sur la comptabilité dans le secteur public de Comptables Professionnels Agréés Canada (CPAC) publie un énoncé de pratiques recommandées dans lequel il suggère divers indicateurs financiers utiles à l'évaluation de la situation financière des gouvernements. Les indicateurs proposés ne sont pas associés à des valeurs de référence pour le secteur public. Ils correspondent plutôt à des ratios ou à des indicateurs de tendance qui dressent le portrait de la situation pendant un nombre donné d'exercices, pour faciliter les comparaisons et aider à l'évaluation de la santé financière du gouvernement dans la conjoncture économique et financière courante. Les indicateurs recommandés sont regroupés dans trois catégories :

- (1) **La durabilité** - mesure la capacité d'un gouvernement de maintenir ses programmes sans avoir à accroître ses emprunts.
- (2) **La flexibilité** - mesure la capacité d'un gouvernement de faire face à des engagements financiers grandissants en accroissant ses recettes ou en s'endettant davantage.
- (3) **La vulnérabilité** - mesure le degré de dépendance d'un gouvernement de sources de recettes qui échappent à son pouvoir direct ou à son influence, tant sur le plan national qu'international.

Les sources de données et leurs limites

Les indicateurs financiers présentés dans le présent rapport se fondent sur des données financières clés contenues dans les états financiers sommaires vérifiés. Les données économiques proviennent de Statistique Canada et du Bureau des statistiques du Manitoba. Les données comparatives présentées ne sont pas ajustées en fonction de l'inflation. Par contre, les résultats comparatifs sont ajustés pour tenir compte de la méthode comptable ou de la présentation adoptée au cours de l'exercice financier considéré. Les indicateurs financiers de la présente section montrent les résultats dans le même format que celui des Comptes publics du Manitoba.

La situation financière du gouvernement en 2012-2013

La présente section décrit la santé financière du gouvernement à l'aide des trois catégories de CPAC, soit la durabilité, la flexibilité et la vulnérabilité. Elle décrit également chacune des catégories et les indicateurs qui y sont associés. Pour chacun des

for Manitoba and highlights key trends.

Sustainability

As noted above, sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its borrowings or tax burden.

Looking at trends for the following five indicators provides useful insight into the sustainability of a government's revenue-raising and spending practices:

- *Net Debt as a Percentage of Provincial GDP:* the relationship between a government's net debt and the income in the economy.
- *Net Debt-to-Total Annual Revenue:* the extent to which future revenues are required to pay for past transactions or events.
- *Accumulated Deficit-to-Provincial GDP:* the extent to which past and current deficits and surpluses influenced a government's ability to manage its indebtedness and operational challenges.
- *Annual Net Income (Loss):* the extent to which a government is living within its means.
- *Annual Net Income (Loss)-to-Provincial GDP:* the extent to which current period results influenced net debt.

Net Debt as a Percentage of Provincial GDP

The Government manages its revenue-raising and spending practices with due regard to the provincial economy. Looking at net debt and provincial GDP provides insights into these practices.

Net debt - the difference between a government's total liabilities and total financial assets - provides a measure of the future revenue required to pay for past

indicateurs, on fournit des données et on souligne les principales tendances de la province.

Durabilité

Comme nous l'avons indiqué plus tôt, les ratios de durabilité mesurent la capacité d'un gouvernement d'assumer les engagements pris dans le cadre de ses programmes et de répondre aux exigences de ses créanciers sans avoir à accroître ses emprunts ou le fardeau fiscal.

L'observation des tendances qui se dégagent des cinq indicateurs suivants permet de se faire une idée concrète de la durabilité des pratiques du gouvernement en matière de dépenses et de production de recettes :

- *la dette nette en pourcentage du PIB provincial :* la relation entre la dette nette d'un gouvernement et les résultats de l'économie;
- *la dette nette en pourcentage des recettes annuelles totales :* la mesure dans laquelle les recettes à venir serviront à payer des opérations ou des événements passés;
- *le déficit accumulé en pourcentage du PIB provincial :* la mesure dans laquelle les déficits et les excédents passés et actuels et les excédents influent sur la capacité d'un gouvernement de gérer son endettement et les difficultés dans ses activités;
- *les recettes nettes (pertes nettes) annuelles :* la mesure dans laquelle le gouvernement vit selon ses moyens.
- *les recettes nettes (pertes nettes) annuelles en pourcentage du PIB provincial :* la mesure dans laquelle les résultats de la période courante influent sur la dette nette.

La dette nette en pourcentage du PIB provincial

Le gouvernement adapte ses pratiques en matière de dépenses et de production de recettes en fonction de l'économie de la province. Le ratio entre la dette nette et le PIB provincial donne un aperçu des résultats de ces pratiques.

La dette nette, le total des passifs du gouvernement moins le total de ses actifs financiers, indique les recettes qui devront être utilisées pour assumer

transactions and events. Net debt as a percentage of provincial GDP (net debt to GDP ratio) measures the level of future financial obligations placed on the economy by a government's cumulative spending and revenue-raising practices. It provides a measure of how much debt a government is carrying relative to the province's annual economic output.

Investment in capital improvements and replacement of deteriorating tangible capital assets, such as transportation infrastructure, also result in increased net debt. As the tangible capital investments are acquired, debt is incurred and then costs are amortized over their future useful life, essentially allocating costs to the period over which the assets will be used and over a period in which revenue will be generated. The percentage of net debt attributable to tangible capital investment has increased from 57.2% in 2008/09 to 61.9% in 2012/13, reflecting increased priority placed on renewing publicly funded capital assets.

Graph 1 shows the net debt to GDP ratio at March 31, 2013 was 26.8%, compared to 25.6% in the previous year. The increase in net debt in 2012/13 is primarily related to investments in tangible capital assets, including an increase in infrastructure spending and the operating loss that was forecast to continue through our recovery period. Continued investment in infrastructure, including repairing the damage caused by the 2011 flood and the mitigation of the impact of any future flood costs, has resulted in costs similar to those seen in 2011/12. The net debt for 2012/13 included a loss in other comprehensive income (OCI) of \$12 million, recorded by the government business enterprises (GBEs). OCI represents unrealized gains or losses calculated at a point in time and can have significant impact on the measurement of net debt. OCI is measured as the change in "mark-to-market" valuations, interest rates, and foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

Growth in GDP per capita must be taken into account to determine capacity to support debt. The GDP is a

financièrement des opérations ou des événements passés. La dette nette en pourcentage du PIB provincial (ratio de la dette nette au PIB) exprime le niveau d'obligations financières que devra assumer l'économie en raison des pratiques cumulatives en matière de dépenses et de production de recettes. Le pourcentage représente l'ampleur de la dette du gouvernement par rapport aux résultats économiques annuels de la province.

Des investissements dans l'amélioration des immobilisations et dans le remplacement des immobilisations corporelles sujettes à la détérioration, comme les infrastructures de transport, peuvent également accroître la dette nette. Au fur et à mesure que la province acquiert des immobilisations corporelles, elle contracte une dette, et le coût des nouvelles immobilisations est ensuite amorti sur leur vie utile, essentiellement en le passant en charges sur la période pendant laquelle les immobilisations seront utilisées et sur la période pendant laquelle elles produiront des recettes. Le pourcentage de la dette nette attribuable à l'investissement en immobilisations corporelles est passé de 57,2 % en 2008-2009 à 61,9 % en 2012-2013, un pourcentage qui traduit la priorité du gouvernement de renouveler les immobilisations publiques.

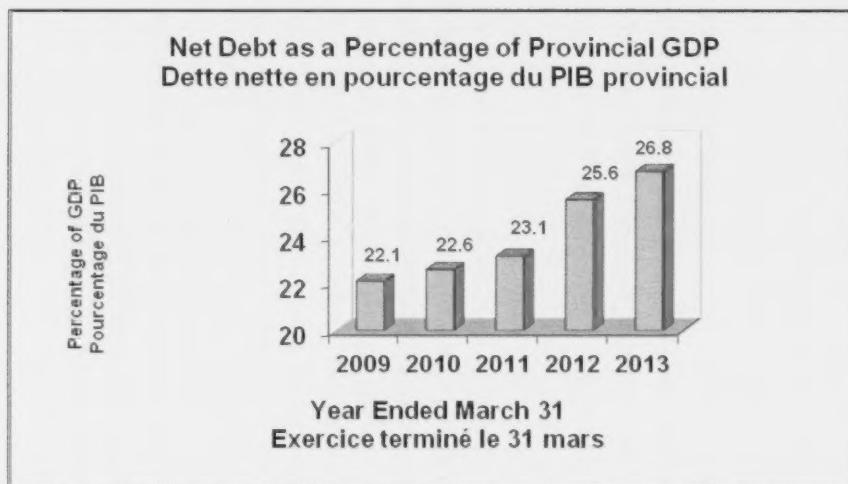
Le diagramme 1 montre que le ratio de la dette nette au PIB était de 26,8 % au 31 mars 2013, contre 25,6 % à la fin de l'exercice précédent. L'augmentation de la dette nette en 2012-2013 est principalement liée aux investissements en immobilisations corporelles, lesquels comprennent une augmentation des dépenses en matière d'infrastructure et la perte d'exploitation qui était prévue afin de poursuivre notre période de relance économique. Les investissements continus de visant l'infrastructure, dont la réparation des dommages causés par l'inondation de 2011 et les mesures d'atténuation des répercussions des coûts liés à toute inondation future, ont engendré des dépenses similaires à celles enregistrées en 2011-2012. La dette nette pour 2012-2013 comprenait une perte des autres éléments du résultat étendu enregistrée par les entreprises publiques de 12 million de dollars. Les autres éléments du résultat étendu représentent les profits ou pertes non réalisés calculés à un moment donné, et peuvent avoir des effets importants sur la mesure de la dette nette. Ils sont mesurés par rapport au changement dans les évaluations à la valeur de marché, dans les taux d'intérêt et dans les cours des devises étrangères en fin d'exercice, et donnent donc un aperçu ponctuel du changement des valeurs par rapport au même jour de l'exercice précédent.

La croissance du PIB par habitant doit être prise en compte pour déterminer la capacité d'endettement. Le

measure of the value of the goods and services produced in the Province during a given year. The GDP indicates the size of the provincial economy. The provincial economy grew steadily from \$51,676 million in 2008/09 to \$59,405 million in 2012/13 or by 15.0% during the five-year period. During this period, the annual consumer price index fluctuated between 0.6% and 3.0%.

See page 58 for further analytical discussion on net debt.

Graph 1



Net Debt-to-Total Annual Revenue

Net debt is the amount that current and past generations have accumulated through annual losses and tangible capital investment. These amounts remain an obligation for future generations to fund through annual net income and annual amortization or to continue to carry as debt. It results when a government's total liabilities exceed total financial assets. A trend of increasing net debt-to-total annual revenue would indicate that an increasing amount of time will be needed to eliminate net debt.

Since 2008/09, the net-debt-to total annual revenue has increased from 90.5% to 115.3%, reflecting the

PIB est une mesure de la valeur des biens et des services produits dans la province au cours d'une année donnée. Il indique la taille de l'économie provinciale. L'économie provinciale a progressé de façon constante, passant de 51 676 millions de dollars en 2008-2009 à 59 405 millions de dollars en 2012-2013, ce qui représente une croissance de 15,0 % sur la période de cinq ans. Pendant cette période, l'indice annuel des prix à la consommation a oscillé entre 0,6 % et 3,0 %.

Voir la page 58 pour une analyse complémentaire des questions entourant la dette nette.

Diagramme 1

La dette nette en pourcentage des recettes annuelles totales

La dette nette correspond à la somme des pertes et des investissements en immobilisations corporelles accumulée d'exercice en exercice par les générations actuelles et passées. Cette somme est une dette que les générations futures doivent continuer à reporter ou financer à même les recettes nettes annuelles et les amortissements annuels. On obtient une dette nette lorsque le total des passifs d'un gouvernement excède le total de ses actifs financiers. Une tendance à l'augmentation de la dette nette par rapport aux recettes annuelles totales signifierait que plus de temps serait nécessaire à l'élimination de la dette nette.

Depuis 2008-2009, le ratio de la dette nette aux recettes annuelles totales est passé de 90,5 % à

impact of the economic downturn and increased investments in tangible capital assets, including infrastructure stimulus spending. Graph 2 shows the current trend in the Government's ability to eliminate net debt. The change over time of the ratio of net debt to total annual revenue resulted from a combination of changes in net debt (see "Net Debt and Accumulated Deficit" section on page 58 for annual changes) and a tightening of revenues (see "Revenue" on pages 49-51 for annual changes).

115,3 %, reflétant les effets du ralentissement économique et la croissance des investissements en immobilisations corporelles, lesquels comprennent les dépenses de relance dans l'infrastructure. Le diagramme 2 illustre la tendance actuelle de la capacité du gouvernement à éliminer la dette nette. Le changement, au fil du temps, du ratio de la dette nette aux recettes annuelles totales est issu de la combinaison de changements dans la dette nette (voir la section intitulée « Dette nette et déficit accumulé », page 58, pour les changements annuels) et d'un resserrement des recettes (voir « Recettes », pages 49 à 51, pour les changements annuels).

Graph 2

Diagramme 2



Accumulated Deficit-to-Provincial GDP

The accumulated deficit is the sum of all annual surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficit includes other comprehensive income, which is excluded from the calculation of the annual net income or loss. Other comprehensive income represents certain unrealized gains and losses on financial instruments reported by GBEs and is required by CPAC reporting standards. In accordance with recommendations of PSAB, other comprehensive income (loss) is not included in the Government's annual net operating results, but is instead recorded directly to the Province's statement of accumulated deficit. Other comprehensive income for 2012/13 was a negative \$12 million (2011/12 - \$77 million negative).

Le déficit accumulé en pourcentage du PIB provincial

Le déficit accumulé est la somme de tous les excédents et déficits accumulés d'exercice en exercice jusqu'à ce jour, obtenue d'après des calculs conformes aux méthodes comptables en vigueur. Il comprend les autres éléments du résultat étendu, qui sont exclus du calcul des recettes nettes ou des pertes nettes de l'exercice. Les autres éléments du résultat étendu représentent des gains ou des pertes non réalisés sur des instruments financiers présentés par les entreprises publiques, et sont requises par les normes de présentation de l'information de CPAC. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public (CCSP), les autres éléments du résultat étendu (gains ou pertes) ne sont pas compris dans les résultats nets des activités de l'exercice du gouvernement, mais sont plutôt inscrits directement

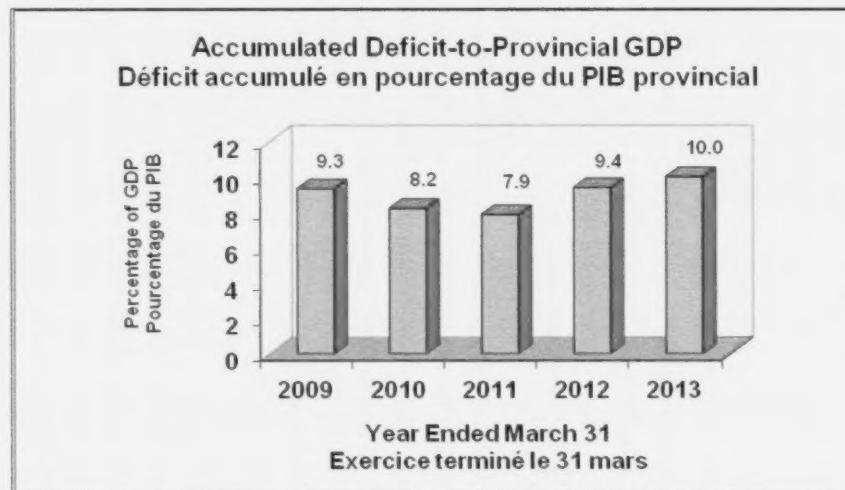
dans l'état du déficit accumulé de la Province. Les autres éléments du résultat étendu en 2012-2013 représentent 12 millions de dollars de pertes (contre 77 millions de dollars de pertes en 2011-2012).

The accumulated deficit as at March 31, 2013 increased \$1,120 million from 2008/09. Increases were primarily the result of recent losses incurred as a result of the global economic downturn and costs attributable to the unprecedented flood of 2011. The negative results incurred in the current year were offset by positive gains from 2008/09 through 2010/11.

Au 31 mars 2013, le déficit accumulé avait augmenté de 1 120 millions de dollars par rapport à 2008-2009. Cette augmentation a été principalement due aux pertes récentes encourues à la suite du ralentissement économique mondial et aux coûts attribuables aux inondations sans précédent de 2011. Les résultats négatifs obtenus au cours de l'exercice actuel ont été compensés par des gains de 2008-2009 à 2010-2011.

Graph 3

Diagramme 3



Annual Net Income (Loss)

The annual net income (loss) shows the extent to which a government generates revenues more or less than its operating expenses in one fiscal year.

Annual net income helps the Government maintain its services and provides an opportunity to lessen its borrowing needs. The annual net loss for the year ended March 31, 2013 was \$580 million.

See pages 49 – 51 for further analytical discussion on revenues.

Les recettes nettes (pertes nettes) annuelles

Les recettes (pertes) nettes montrent la mesure dans laquelle le gouvernement génère plus ou moins de recettes que ses dépenses de fonctionnement pendant un exercice financier.

Les recettes nettes annuelles aident le gouvernement à maintenir ses services et à réduire ses besoins en matière d'emprunts. Les pertes nettes de l'exercice qui s'est terminé le 31 mars 2013 s'élevaient à 580 millions de dollars.

Voir les pages 49 - 51 pour une analyse complémentaire des données sur les recettes.

Table 1(\$ millions)/
(en millions de dollars)

	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009
Revenue/Recettes.....	13,786	13,688	13,069	12,502	12,611
Total expenses/Dépenses totales.....	14,366	14,689	13,250	12,687	12,162
Summary Net Income (Loss)/Recettes (pertes) nettes sommaires.....	(580)	(1,001)	(181)	(185)	449
Annual Net Income (Loss) to Provincial GDP/Recettes (pertes) nettes en pourcentage du PIB provincial.....	(1.0)%	(1.8)%	(0.3)%	(0.4)%	0.9%

Annual Net Income (Loss)-to-Provincial GDP

The ratio of net income (loss)-to-provincial GDP measures the difference between revenues and expenses expressed as a percentage of GDP.

Like many other provinces and the Government of Canada, that experienced the lingering effects of the global recession and the slowdown in the global recovery, 2012/13 recorded a loss as shown in Table 1.

See pages 47 and 48 for further analytical discussion on summary results.

Flexibility

Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

PSAB has recommended a number of financial indicators that assess a government's flexibility. The following indicators are considered applicable to provide insight into the Manitoba Government's flexibility:

- **Public Debt Charges to Total Revenue:** the extent to which borrowing decisions constrain a government's ability to meet financial and

Tableau 1***Les recettes nettes (pertes nettes) en pourcentage du PIB provincial***

Le ratio des recettes nettes au PIB provincial mesure la différence entre les recettes et les dépenses en pourcentage du PIB.

Comme beaucoup d'autres provinces et le gouvernement fédéral, qui ont subi les effets persistants de la récession mondiale et du ralentissement de la relance mondiale, le Manitoba a enregistré des pertes en 2012-2013 (indiquées au tableau 1).

Voir les pages 47 et 48 pour une analyse complémentaire des résultats sommaires.

Flexibilité

La flexibilité mesure la capacité d'un gouvernement d'augmenter ses ressources financières pour faire face à des engagements croissants en augmentant ses recettes ou sa dette nette.

Le Conseil sur la comptabilité dans le secteur public recommande l'usage de divers indicateurs financiers pour juger de la flexibilité du gouvernement. Parmi ceux-ci, on considère que les indicateurs suivants aident à apprécier la flexibilité du gouvernement du Manitoba:

- **les frais de la dette publique en pourcentage des recettes totales :** mesure dans laquelle les décisions en matière d'emprunts restreignent

service commitments.

- *Own-source Revenue to Provincial GDP:* the extent to which a government is taking income out of the economy through taxation and user fees.
- *Annual Change to Net Book Value of Tangible Capital Assets:* the extent to which net changes in tangible capital assets affect future service potential.
- *Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets:* the extent to which the estimated useful lives of the Government's tangible capital assets are available to provide its products and services.

Public Debt Charges to Total Revenue

The amount of public debt charges (interest costs) as a percentage of total revenue shows the extent to which a government must use revenue to pay for interest costs rather than to pay for services. The ratio shows how much of every dollar of a government's revenue is needed to pay interest. A lower ratio of interest costs as a percentage of revenue means a government uses a smaller proportion of its revenue to pay for interest costs.

Graph 4 shows that in 2008/09, the Government used 6.6 cents of every dollar of its revenue to pay interest. In 2012/13, 6.1 cents of every dollar of revenue was used. Reductions in interest costs relative to increases in revenue have given the Government more resources to provide services.

la capacité d'un gouvernement de faire face à ses engagements financiers et d'assurer la prestation des services prévus;

- *les recettes autonomes en pourcentage du PIB provincial:* mesure dans laquelle le gouvernement prélève des revenus dans l'économie sous forme d'impôts et de droits d'utilisation;
- *la variation annuelle de la valeur comptable nette des immobilisations corporelles:* mesure dans laquelle la variation nette des immobilisations corporelles touche le potentiel futur de services;
- *la valeur comptable nette des immobilisations corporelles en pourcentage de leur coût:* mesure dans laquelle la vie utile estimative des immobilisations corporelles d'un gouvernement lui permet de fournir des produits et des services.

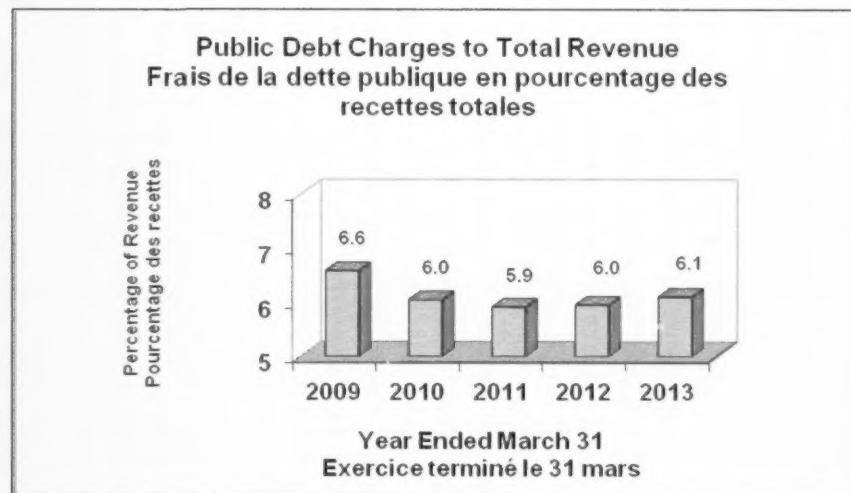
Les frais de la dette publique en pourcentage des recettes totales

La somme des frais de la dette publique (frais d'intérêt) en pourcentage des recettes totales montre la mesure dans laquelle un gouvernement doit utiliser des recettes pour payer des frais d'intérêt plutôt que des services. Le ratio montre la proportion par dollar de recettes du gouvernement qui sert à payer les intérêts. Un faible ratio entre les frais d'intérêt et les recettes indique que le gouvernement consacre une faible part de ses recettes aux frais d'intérêt.

Dans le diagramme 4, on observe qu'en 2008-2009, le gouvernement utilisait 6,6 cents par dollar de recettes pour assumer les frais d'intérêt. En 2012-2013, il a utilisé 6,1 cents par dollar de recettes pour la même fin. La réduction des frais d'intérêt relative à l'augmentation des recettes a fait en sorte que le gouvernement dispose de plus de ressources qu'avant pour la prestation de services.

Graph 4

Diagramme 4



Own-source Revenue to Provincial GDP

A government's own-source revenue as a percentage of provincial GDP shows how much revenue from the provincial economy a government can raise through taxation and user fees. High ratios or increases in ratios mean a government is placing higher demands on its provincial economy-indicating that its demands are outpacing growth in the economy.

From 2008/09, the pace of increases in the Government's own-source revenue (i.e., revenue raised from within the Province) has been changing at varying rates, increasing 0.4% in 2008/09, with a modest decline of 2.4% in 2009/10 and increasing again in 2010/11 through 2012/13 by 5.5%, 5.2% and 5.4%, respectively. During this same period, there have been varying increases in the size of the provincial economy, increasing 5.7% in 2008/09, offset by a slight decline of 0.2% in 2009/10, increasing again in 2010/11 through 2012/13 by 5.3%, 4.9% and 4.3%, respectively. Overall, the Government has not significantly changed its demands on the provincial economy over this time period.

The own-source revenue total does not include the net income from GBEs as these entities operate outside of the core government operations, given the semi-autonomous nature of their operations. Their revenues are not derived from taxation or user fees,

Les recettes autonomes en pourcentage du PIB provincial

Les recettes autonomes en pourcentage du PIB provincial montrent la part de recettes que le gouvernement prélève de l'économie provinciale sous forme d'impôts et de droits d'utilisation. Des ratios élevés ou à la hausse signifient que le gouvernement augmente les pressions qui s'exercent sur l'économie provinciale, indiquant que ses besoins dépassent la croissance de l'économie.

Depuis 2008-2009, le rythme de l'augmentation des recettes autonomes du gouvernement (les recettes provenant de la Province même) a varié. Il a augmenté de 0,4 % en 2008-2009, a un peu baissé (de 2,4 %) en 2009-2010, et a augmenté de 5,5 % en 2010-2011, de 5,2 % en 2011-2012 et de 5,4 % en 2012-2013. Au cours de la même période, il y a eu différentes augmentations de la taille de l'économie provinciale : une augmentation de 5,7 % en 2008-2009, suivie d'une légère baisse (0,2 %) en 2009-2010, puis des augmentations de 5,3 % en 2010-2011, de 4,9 % en 2011-2012 et de 4,3 % en 2012-2013. Dans l'ensemble, le gouvernement n'a pas modifié de façon importante ses demandes sur l'économie provinciale pendant cette période.

Les recettes autonomes totales ne comprennent pas les bénéfices nets des entreprises publiques étant donné leur nature semi-autonome et le fait que les opérations de ces entités sont exclues des opérations fondamentales du gouvernement. Leurs recettes ne

but from the supply of product or services.

Graph 5 shows the relationship between the ratios of own-source revenue to Provincial GDP. GDP increased from \$51,676 million in 2008/09 to \$59,405 million in 2012/13 or 15.0%. The rate of own-source revenues remained stable in relation to the economy from 15.4% of GDP in 2008/09 to 15.3% in 2012/13. Own-source revenues increased by \$471 million or 5.4% from \$8,643 million in 2011/12 to \$9,114 million in 2012/13. The main contributors to the increase are as follows:

- Revenue from income taxes increased by \$164 million, or 5.2%.
- Revenue from retail sales tax increased \$109 million, or 6.6%.
- Revenue from other taxes increased \$113 million, or 6.7%.
- Revenue from fees and other revenues increased by \$92 million, or 4.8%.

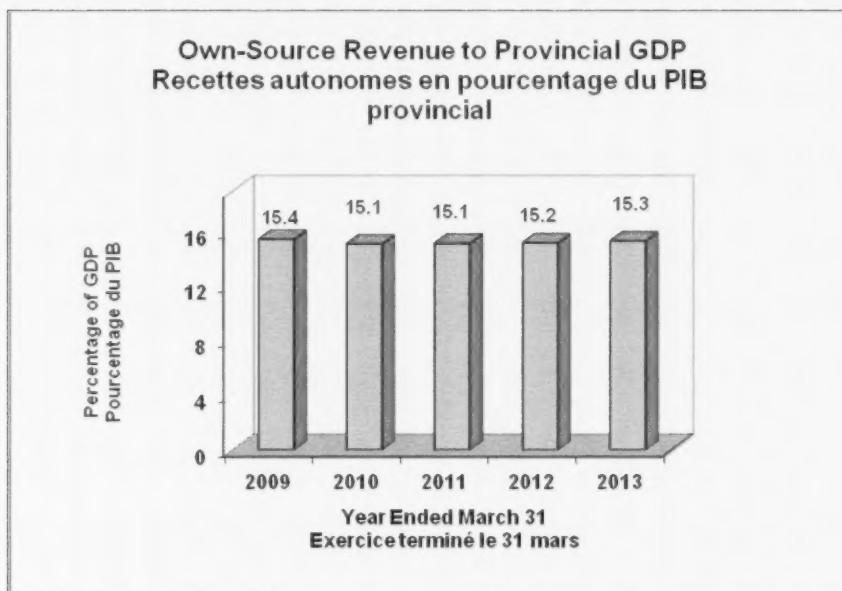
Graph 5

proviennent pas d'impôts ou de droits d'utilisation, mais de l'offre de produits ou de services.

Le diagramme 5 montre la relation entre les ratios des recettes autonomes par rapport au PIB provincial. Le PIB est passé de 51 676 millions de dollars en 2008-2009 à 59 405 millions de dollars en 2012-2013, enregistrant un bond de 15,0 %. Le taux des recettes autonomes est demeuré stable par rapport à l'économie. Il est passé de 15,4 % du PIB en 2008-2009 à 15,3 % en 2012-2013. Les recettes autonomes ont augmenté de 471 millions de dollars ou 5,4%, passant de 8 643 millions de dollars en 2011-2012 à 9 114 millions de dollars en 2012-2013. Les principaux facteurs de l'augmentation sont les suivants :

- Les impôts sur le revenu sont accrues de 164 millions de dollars, ou 5,2%;
- Les recettes issues de la taxe sur les ventes au détail ont augmenté de 109 millions de dollars, soit de 6,6 %.
- les recettes tirées d'autres taxes et impôts se sont accrues de 113 millions de dollars, ou 6,7 %;
- les droits perçus et autres recettes se sont accrues de 92 millions de dollars, ou 4,8 %;

Diagramme 5



Annual Change to Net Book Value of Tangible Capital Assets

Tangible capital assets (TCAs) such as buildings, equipment, roads and dams are essential for the economy and for delivering government services.

The annual percentage change in the net book value of tangible capital assets measures the extent to which a government is maintaining, or failing to maintain, the tangible capital assets it needs to deliver its services. An increase means a government has spent more on these assets than it has reduced their value because of age and use (commonly called amortization or depreciation).

Continual increases in the net book value of tangible capital assets may indicate that a government is maintaining or enhancing its tangible capital asset base, which may lead to lower future maintenance or replacement costs because of decreased deterioration. As such, investing in TCAs can result in better financial results in future periods, which will not adversely influence service delivery and lead to decreased financial burdens on taxpayers in the future.

Recognizing the growing infrastructure needs in various sectors and the need to support continued growth in the economy, the Government is investing in public capital assets such as new or renewed hospitals, universities and colleges, the Red River Floodway Expansion project and Manitoba's highway system. In 2012/13, \$1,273 million was invested on new tangible capital assets, \$17 million of existing tangible capital assets were either disposed of or written down to correctly reflect their value, and the net book value of all tangible capital assets was reduced by \$511 million to account for annual amortization. The Government held significant tangible capital assets with a net book value of \$9,842 million at March 31, 2013.

See pages 60 - 61 for further analytical discussion on tangible capital assets.

La variation annuelle de la valeur comptable nette des immobilisations corporelles

Les immobilisations corporelles, comme les immeubles, l'équipement, les routes et les barrages, sont essentielles à l'économie et à la prestation des services publics.

La variation annuelle en pourcentage de la valeur comptable nette des immobilisations corporelles indique la mesure dans laquelle un gouvernement entretient ou omet d'entretenir les immobilisations corporelles dont il a besoin pour fournir ses services. Une hausse signifie que le gouvernement a investi plus dans ses actifs que la valeur perdue par ceux-ci en raison de l'âge et de l'usure (appelée communément amortissement ou dépréciation).

La hausse continue de la valeur comptable nette des immobilisations corporelles peut indiquer qu'un gouvernement entretient ou améliore l'ensemble de ses immobilisations, mais peut entraîner une réduction des coûts futurs d'entretien et de remplacement en raison d'une détérioration moindre. Ainsi, le fait d'investir dans des immobilisations corporelles peut mener à de meilleurs résultats financiers dans l'avenir, ce qui ne nuira pas à la prestation des services en plus d'entraîner une réduction du fardeau financier des contribuables.

Reconnaissant les besoins croissants en infrastructure dans divers secteurs et la nécessité de soutenir la croissance continue dans l'économie, le gouvernement investit dans les immobilisations publiques, comme la rénovation ou la construction d'hôpitaux, d'universités et de collèges, le projet d'agrandissement du canal de dérivation de la rivière Rouge et l'amélioration du réseau routier du Manitoba. En 2012-2013, on a investi 1 273 millions de dollars dans de nouvelles immobilisations corporelles, déduit 17 millions de dollars en immobilisations corporelles existantes qui en étaient cédées ou dévaluées pour les rendre plus conformes à leur valeur réelle, et réduit de 511 millions de dollars la valeur comptable nette de toutes les immobilisations corporelles du gouvernement s'élevait à plus de 9 842 millions de dollars le 31 mars 2013.

Voir les pages 60 à 61 pour une analyse complémentaire des données sur les immobilisations corporelles.

Net Book Value of Tangible Capital Assets to Cost of Tangible Capital Assets

The ratio of the net book value of tangible capital assets to the cost of tangible capital assets is important because it illustrates the relationship of the estimated useful life of government assets that is available to provide future service.

Graph 6 shows that the Government has been consistent in its management of capital to deliver services. The annual total tangible capital cost increased \$1,193 million from \$15,526 million in 2011/12 to \$16,719 million in 2012/13. The total cost of assets under construction, including infrastructure, as at March 31, 2013 is \$1,217 million (2011/12 - \$1,184 million). Assets under construction are not depreciated (amortized) until they are put into service. The \$1,217 million includes spending of \$975 million in buildings and leasehold improvements, and \$242 million for infrastructure projects such as road grading and surfacing and a number of bridge and structure projects. (See pages 60 - 61 for further analysis and discussion on tangible capital assets.)

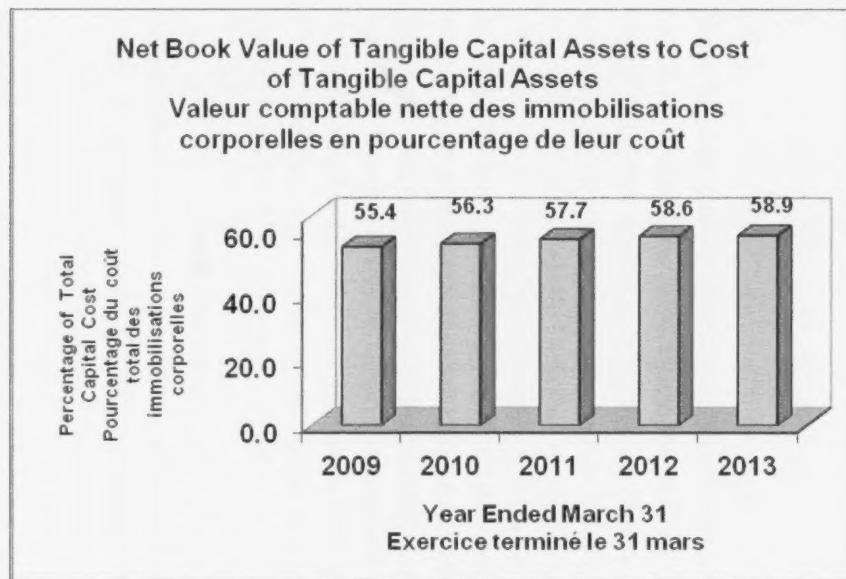
La valeur comptable nette des immobilisations corporelles en pourcentage de leur coût

Le ratio de la valeur comptable nette des immobilisations corporelles à leur coût est très utile, car il est associé à la vie utile estimative des immobilisations corporelles dont le gouvernement disposera pour fournir des services futurs.

Le diagramme 6 montre que le gouvernement a maintenu de façon constante les immobilisations utiles à sa prestation de services. Le coût global annuel des immobilisations corporelles a augmenté de 1 193 millions de dollars, passant de 15 526 millions de dollars en 2011-2012 à 16 719 millions de dollars en 2011-2013. Au 31 mars 2013, le coût global des immobilisations en construction y compris les infrastructures, était de 1 217 millions de dollars (contre 1 184 millions de dollars en 2011-2012). Les immobilisations en construction ne sont pas amorties avant le début de leur utilisation. Les 1 217 millions de dollars comprenaient 975 millions de dépenses consacrées à la construction de bâtiments et à des améliorations locatives, ainsi que 242 millions de dollars consacrés aux projets d'infrastructure comme le nivellement et le surfacage des routes, et plusieurs projets de ponts et autres ouvrages. (Voir les pages 60 et 61 pour une analyse et une discussion complémentaires au sujet des données sur les immobilisations corporelles.)

Graph 6

Diagramme 6



Vulnerability

Vulnerability is the degree to which a government is dependent upon, and therefore, vulnerable to sources of revenue outside of its direct control or influence. A high degree of dependency may indicate a government is reliant on outside sources of financing to deliver programs and services at the current level and quality. However, outside sources of financing when applied to capital projects and other one-time or non-operational programs may not materially increase a government's revenue vulnerability.

Recommended indicators for providing insight into the Government's vulnerability include:

- *Federal Transfers to Own-source Revenue;*
- *Federal Transfers to Total Revenue; and*
- *Foreign Currency Debt to Net Debt.*

Revenue from Federal Government Transfers

Transfers from the Government of Canada are a significant source of revenue for Manitoba, accounting for about 28.7% (31.6% - 2011/12) of total summary provincial revenues in 2012/13. As a result, the province's fiscal position is somewhat vulnerable, at least in the short term, to material reductions in federal transfers.

Major federal transfers include Equalization (an unconditional grant to receiving provinces), the Canada Health Transfer (a block transfer in support of health care services) and the Canada Social Transfer (a block transfer in support of post-secondary education, social assistance and social services, including early childhood development and early learning and child care).

The Equalization Program is the Government of Canada's main transfer program for addressing fiscal disparities (differences in revenue-raising capacity) among provinces. It was entrenched in Canada's Constitution in 1982. Equalization payments are intended to make it possible for receiving provinces to provide their residents with public services that are reasonably comparable to those in other provinces, at

Vulnérabilité

La vulnérabilité correspond au degré de dépendance du gouvernement, et donc de vulnérabilité, par rapport aux sources de recettes qui ne dépendent pas directement de lui ni de son influence. Un degré de dépendance élevé peut indiquer qu'un gouvernement compte sur des sources de financement externes pour offrir la même gamme et qualité de programmes et services. Cependant, des sources extérieures de financement affectées aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement la vulnérabilité d'un gouvernement envers les sources de revenu.

Les indicateurs recommandés pour apprécier la vulnérabilité du gouvernement comprennent :

- *les transferts fédéraux en pourcentage des recettes autonomes;*
- *les transferts fédéraux en pourcentage des recettes totales;*
- *la dette en devises en pourcentage de la dette nette.*

Les recettes provenant des transferts du gouvernement fédéral

Les transferts du gouvernement du Canada constituent une source de revenus importante pour le Manitoba, représentant environ 28,7 % (31,6% et 2011-2012) du total des recettes sommaires provinciales en 2012-2013. De ce fait, la province est dans une situation financière quelque peu vulnérable aux réductions matérielles des transferts fédéraux, au moins à court terme.

Les principaux transferts fédéraux comprennent la péréquation (une subvention inconditionnelle aux provinces bénéficiaires), le Transfert canadien en matière de santé (un transfert global visant le financement des soins de santé) et le Transfert canadien en matière de programmes sociaux (financement global pour les études postsecondaires, l'aide sociale et les services sociaux, y compris le développement, l'apprentissage et la garde des jeunes enfants).

Le programme de péréquation est le principal programme de transfert du gouvernement canadien conçu pour aplatiser les disparités fiscales (les différences dans la capacité des provinces de générer des revenus) entre les provinces. Il a été inscrit dans la Constitution du Canada en 1982. L'objectif des paiements de péréquation est de permettre aux gouvernements provinciaux bénéficiaires de fournir à leurs résidents des

reasonably comparable levels of taxation.

Manitoba received \$1,872 million in Equalization in 2012/13, including \$201.3 million in federal Total Transfer Protection payments. Equalization accounted for about 13.6% of total 2012/13 summary provincial revenues.

The Canada Health Transfer (CHT) and Canada Social Transfer (CST) are set in legislation up to 2013/14 and, together with their respective 6% and 3% annual automatic escalators, help ensure stable and predictable federal support over the medium-term. Total CHT support is allocated using a formula that takes into account legislated cash levels, population and the equalized value of transferred tax points, while the CST has been allocated on an equal per capita cash basis since 2007/08.

Manitoba received \$1,487 million in combined CHT and CST revenues in 2012/13, or about 10.8% of total provincial summary revenues. Increases in annual CHT support reflect the 10-Year Plan to Strengthen Health Care, an agreement, signed by all First Ministers in 2004 that resulted in \$41 billion in new federal funding over 10 years (2004/05 to 2013/14).

Long-term and growing federal support through the CHT and CST contributes to national objectives by helping ensure provinces and territories have the resources they need to provide essential services in areas such as health care, post-secondary education (PSE), child programming and social services.

The current outlook for transfers from the Government of Canada is based on existing federal-provincial-territorial funding arrangements. While the Province has no direct control over the amount it receives each year, it does have some opportunity to influence the framework and direction of fiscal transfers through consultations with the Government of Canada.

services publics sensiblement comparables à ceux offerts dans d'autres provinces à des taux d'imposition sensiblement comparables.

En 2012-2013, le Manitoba a reçu 1,872 millions de dollars en paiements de péréquation, dont 201.3 millions de dollars en paiements de protection sur les transferts fédéraux totaux. Les paiements de péréquation représentaient environ 13.6 % du total des recettes sommaires provinciales en 2012-2013.

Le Transfert canadien en matière de santé (TCS) et le Transfert canadien en matière de programmes sociaux (TCPS) sont inscrits dans la loi jusqu'en 2013-2014. Leurs niveaux, qui augmenteront au moyen des facteurs de progression annuelle de 6 % et de 3 % respectivement, aident à garantir un appui fédéral stable et prévisible à moyen terme. Les montants totaux du TCS sont alloués en fonction, de la population et de la valeur des transferts de points d'impôts après péréquation, tandis que le TCPS est calculé selon un montant en espèces égal par habitant depuis 2007-2008.

En 2012-2013, le Manitoba a reçu 1,487 millions de dollars en paiements combinés du TCS et du TCPS, ce qui représentait environ 10.8 % du total des recettes sommaires provinciales. Les augmentations du financement annuel du TCS reflètent les dispositions du Plan décennal pour consolider les soins de santé, adopté par les premiers ministres en septembre 2004, par lequel le gouvernement fédéral s'est engagé à verser 41 milliards de dollars en nouveaux fonds aux provinces et aux territoires pendant une période de dix ans (de 2004-2005 à 2013-2014).

Le soutien croissant et à long terme du gouvernement fédéral dans le cadre du TCS et du TCPS va dans le sens des objectifs nationaux en aidant les provinces et les territoires à obtenir les ressources qu'il leur faut pour assurer des services essentiels dans des domaines tels que les soins de santé, l'enseignement postsecondaire, les programmes destinés aux enfants et les services sociaux.

Les perspectives actuelles d'évolution des transferts du gouvernement canadien sont fondées sur les modalités du financement fédéral-provincial-territorial existantes. Bien que la province n'exerce pas de contrôle direct sur le montant qu'elle reçoit chaque année, elle a tout de même une certaine influence sur les grandes lignes et l'orientation des transferts fiscaux dans le cadre de ses consultations avec le gouvernement du Canada.

In 2012/13 the Government of Canada confirmed its intentions regarding the renewal of the major transfer programs which are due to expire in 2014. Both the CST and CHT were extended for 10 years and will be now be allocated on an equal per capita basis starting in 2014/15. A key change is a reduction in the growth of health care supports through the CHT beginning in 2017/18. The federal government also announced the current "capped" Equalization Program would be extended for five years to 2018/19.

See page 49 for a review of federal transfers from 2008/09 to 2012/13.

Federal Transfers to Own-source Revenue

Federal transfers as a percentage of own-source revenue measures the extent to which a province raises its own revenue from within the province, as compared to the amount it receives from the Government of Canada. A high percentage may indicate a provincial government relies a great deal on federal transfers to operate. However, where federal funds are applied to capital projects, one-time programs or used for other non-operational purposes, reliance may not be substantially increased.

An increase in a province's own-source revenue generally makes it less vulnerable to unanticipated changes in levels of federal transfers. It also enhances its ability to fund provincial programs, invest in infrastructure, and to continue to fully fund programs initiated with federal one-time transfers once federal funding has ceased. It should be noted that the ratio of federal transfers to own-source revenue may vary from year-to-year as a result of increases or decreases in a government's own-source revenue.

Federal transfers as a percentage of Manitoba's own-source revenue have remained generally constant over the last five years. Transfers decreased in 2012/13 by \$379 million, made up of \$70 million in increased health and social transfers, decreased Equalization of \$70 million and a decrease of \$379 million from shared-cost agreements. Shared-cost agreements are related to programs, such as the infrastructure renewal funding, disaster financial assistance, shared agricultural programs and shared capital refinancing, amongst others. The largest decrease in shared-cost related to declines in disaster

En 2012-2013, le gouvernement du Canada a confirmé son intention de renouveler les principaux programmes de transferts, lesquels doivent expirer en 2014. Le TCS et le TCPS ont été prolongés pour 10 ans, et seront maintenant alloués selon un montant égal par habitant à compter de 2014-2015. Un changement à noter est la réduction de la croissance des soutiens pour les soins de santé dans le cadre du TCS à compter de 2017-2018. Le gouvernement fédéral a aussi annoncé que le programme actuel de péréquation « plafonné » sera prolongé pour cinq ans à compter de 2018-2019.

Voir la page 49 pour une analyse des transferts fédéraux de 2008-2009 à 2012-2013.

Les transferts fédéraux en pourcentage des recettes autonomes

Le ratio des transferts fédéraux aux recettes autonomes établit le rapport entre les fonds versés par le gouvernement du Canada et la mesure dans laquelle le gouvernement provincial génère ses propres recettes dans la province. Un pourcentage élevé peut indiquer que le gouvernement provincial dépend beaucoup des transferts fédéraux pour mener ses activités. Cependant, les fonds fédéraux affectés aux projets d'immobilisation et à d'autres programmes non récurrents ou qui ne sont pas liés au fonctionnement n'augmentent pas nécessairement cette dépendance de façon significative.

Une augmentation des recettes autonomes d'une province la rend habituellement moins vulnérable aux changements imprévus touchant les niveaux de transferts fédéraux. Elle augmente aussi sa capacité de financer les programmes provinciaux, d'investir dans l'infrastructure et de continuer à financer pleinement les programmes lancés grâce à des transferts fédéraux non récurrents lorsque le financement fédéral prend fin. Il convient de noter que le ratio des transferts fédéraux aux recettes autonomes peut varier d'un exercice à l'autre à la suite de l'augmentation ou de la diminution des recettes autonomes du gouvernement.

Le montant des transferts fédéraux en pourcentage des recettes autonomes du Manitoba est demeuré généralement stable au cours des cinq derniers exercices. En 2012-2013, les transferts ont baissé de 379 millions de dollars. Ces transferts comprenaient une augmentation de 70 millions de dollars en matière de santé et de programmes sociaux, une baisse de la péréquation de 70 millions de dollars et une baisse de 379 millions de dollars dans le cadre des ententes relatives aux frais partagés. Les ententes relatives aux frais partagés étaient liées à certains programmes, notamment le financement de renouvellement pour

financial assistance recoveries from the levels seen in 2011/12, as a result of the 2011 flood.

See pages 49 - 51 for an analysis of own-source revenues.

Federal Transfers to Total Revenue

The ratio of federal transfers to total revenue indicates the vulnerability of provinces to changes in transfer support from the Government of Canada.

As can be seen from Graph 7, the ratio of federal transfers to total provincial revenue remained fairly constant from 2008/09 to 2012/13, demonstrating that Manitoba's vulnerability to changes in Federal transfer support has not materially changed over the past five years.

Graph 7

l'infrastructure, l'aide financière en cas de catastrophe, les programmes en matière d'agriculture et le refinancement des capitaux. La plus grande baisse en matière de frais partagés était liée à la baisse des recouvrements de l'Aide financière en cas de catastrophe à la suite de 2011.

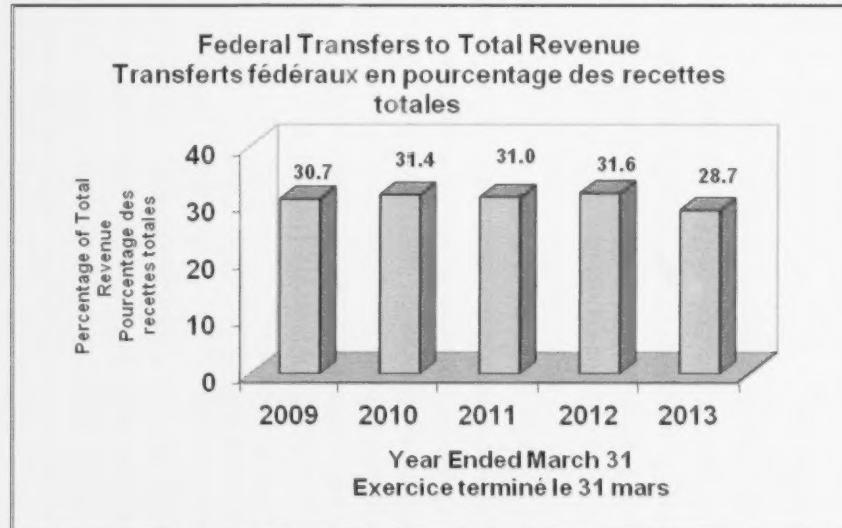
Voir les pages 49 - 51 pour une analyse complémentaire des données sur les recettes autonomes.

Les transferts fédéraux en pourcentage des recettes totales

Le ratio des transferts fédéraux aux recettes totales indique la vulnérabilité des provinces aux variations dans les transferts en provenance du gouvernement du Canada.

Comme on peut le voir sur le Diagramme 7, le ratio des transferts fédéraux au total des recettes provinciales est resté relativement stable de 2008-2009 à 2012-2013. Cela montre que la vulnérabilité du Manitoba par rapport aux changements relatifs aux transferts fédéraux n'a guère varié depuis cinq ans.

Diagramme 7



Foreign Currency Debt to Net Debt

The ratio of foreign currency debt to net debt for 2012/13 is zero because the foreign exchange risk is considered to be fully hedged through the use of derivative instruments such as swaps, forward foreign exchange contracts, as well as future U.S. dollar revenue streams and U.S. dollar sinking funds. In 1999, foreign currency exposure was approximately 19% of core government debt. The amount of foreign currency debt outstanding at March 31, 2013 is \$8,443 million (2012 - \$6,887 million), both of which were fully hedged. Decreasing the ratio of foreign currency debt to net government debt through hedging activities mitigates the risk of debt servicing costs rising due to changes in foreign currency rates and improves the Province's financial position.

La dette en devises en pourcentage de la dette nette

Le ratio de la dette en devises à la dette nette pour 2012-2013 est fixé à zéro, car le risque de change est considéré comme entièrement couvert par l'usage d'instruments dérivés, comme les swaps, les contrats de change à terme, ainsi que par les flux de rentrées de dollars US à venir et les fonds d'amortissement en dollars US. En 1999, le risque de change représentait environ 19 % de la dette générale du gouvernement. Le montant de la dette en devises au 31 mars 2013 était de 8 443 millions de dollars, contre 6 887 millions de dollars en 2012, et le risque était complètement couvert les deux exercices. La diminution du ratio de la dette en devises à dette nette du gouvernement grâce aux activités de couverture atténue le risque d'une hausse des frais de service de la dette en raison des variations dans le cours de monnaies et améliore la situation financière de la province.

RISKS AND UNCERTAINTIES

The Government's main exposure to risks and uncertainties arises from variables which it does not directly control. These include:

- Economic factors such as commodity prices, personal income, retail sales, and population growth.
- Adverse events or unusual weather patterns that can influence overall annual results.
- Outcomes from litigation, arbitration and negotiations with third parties.
- Changes in federal transfers.
- Utilization rates for Government services such as health care, children and family services, or employment assistance.
- Exposure to interest rate fluctuations, foreign exchange rates and credit risk.
- Changes in Canadian and International accounting standards.
- Identification and quantification of environmental liabilities.
- Volatility of results including amounts consolidated from other reporting entities.

LES RISQUES ET LES INCERTITUDES

La principale exposition du gouvernement aux risques et aux incertitudes résulte de variables qui ne dépendent pas directement de lui. Ces variables sont entre autres :

- des facteurs économiques, comme le cours des matières premières, le revenu des particuliers, les ventes au détail et l'accroissement de la population;
- des événements néfastes ou des régimes climatiques inhabituels qui peuvent influer sur les résultats annuels d'ensemble;
- les résultats de procès, d'arbitrages ou de négociations avec des tiers;
- les modifications des transferts fédéraux;
- les taux d'utilisation des services du gouvernement, comme les soins de santé, les services à l'enfant et à la famille et l'aide à l'emploi;
- l'exposition aux fluctuations des taux d'intérêt, aux taux de change et au risque de crédit;
- les modifications des normes comptables au Canada et à l'échelle internationale;
- la détermination et la quantification du passif environnemental;
- la volatilité des résultats, y compris les résultats consolidés d'autres entités comptables.

**VARIANCE ANALYSIS AND ASSESSMENT OF SIGNIFICANT TRENDS/
ANALYSE DES ÉCARTS ET DES PRINCIPALES TENDANCES**

**Summary Net Income (Loss)/
Recettes (pertes) nettes sommaires**

(\$ millions)/ (en millions de dollars)	2012/13 Budget/ Budget de 2012-2013	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	Variance/Écart	
				2012/13 vs 2011/12 Actual/ Chiffres réels de 2012- 2013 et de 2011-2012	2012/13 Actual to Budget/ Chiffres réels et budget de 2012-2013
Revenue and Expense Items/ Éléments des recettes et des dépenses					
Revenue/Recettes					
Income Taxes/Impôts.....	3,201	3,302	3,138	164	101
Other Taxes/Autres taxes.....	3,788	3,572	3,350	222	(216)
Fees and Other Revenue/Droits et autres recettes.....	2,009	1,998	1,906	92	(11)
Sinking Funds and Other Earnings/ Fonds d'amortissement et autres revenus.....	242	242	249	(7)	-
Total Own-Source Revenue/Total des recettes autonomes.....	9,240	9,114	8,643	471	(126)
Government Business Enterprises/ Entreprises publiques.....	722	719	713	6	(3)
Federal Government Transfers/ Transferts fédéraux.....	3,889	3,953	4,332	(379)	64
Total revenue/ Recettes totales.....	13,851	13,786	13,688	98	(65)
Expenses/Dépenses					
Health and Healthy Living/Santé et Vie saine.....	5,546	5,487	5,328	159	(59)
Education/Éducation.....	3,710	3,569	3,389	180	(141)
Family Services/ Services à la famille.....	1,064	1,062	1,013	49	(2)
Community, Economic and Resource Development/ Développement des communautés, de l'économie et des ressources.....	2,317	2,405	2,734	(329)	88
Justice and Other Expenditures/ Justice et autres dépenses.....	817	1,004	1,410	(406)	187
Debt Servicing/Service de la dette....	857	839	815	24	(18)
Total Expenses/ Dépenses totales.....	14,311	14,366	14,689	(323)	55
Summary Net Income (Loss)/ Recettes (pertes) nettes sommaires.....	(460)	(580)	(1,001)	421	(120)

The summary net income is the net financial result of the year's operations. The Government ended the year with a net loss of \$580 million, which is \$120 million higher than the budgeted net loss of \$460 million. In 2012/13, total revenues were \$13,786 million and total expenses were \$14,366 million.

The most significant factors that impacted changes in summary results from budget were:

- An increase in income tax revenue of \$101 million related to higher than anticipated prior year adjustments and increased intitlements.
- Declines in other taxes are primarily due to lower than expected economic growth resulting in declines in Retail Sales Tax revenue, and reductions to Education Property Taxes from the application of new accounting standards that require Education Property Tax credits to be netted against the related income, instead of being expensed.
- Declines in Education expense are primarily the result of a summary presentation restatement of the Education Property Tax credits that are now being reflected as a reduction made to the related income, as opposed to being expensed.
- Budget 2012 included a reduction in program portfolio management reviews which was allocated to the Community, Economic and Resource Development sector. Current year actuals reflect these savings in the departments where they were achieved. Overall expenses are in line with budgeted amounts.

Additional variance analysis on the changes in revenues and expenses between 2012/13 and 2011/12 is included in later sections of this report.

Les recettes nettes sommaires sont le résultat financier net des activités de l'exercice. À la fin de l'exercice, la Province affichait une perte nette de 580 millions de dollars, soit 120 millions de dollars de plus que la perte nette de 460 millions de dollars prévues dans le budget. En 2012-2013, les recettes totales ont atteint 13 786 millions de dollars, et les dépenses totales se sont élevées à 14 366 millions de dollars.

Les principaux facteurs de l'écart entre les résultats sommaires et les prévisions sont les suivants :

- L'augmentation de 101 millions de dollars des recettes tirées de l'impôt sur le revenu est liée à des rajustements plus importants que prévu au cours de l'exercice précédent et à une augmentation des droits.
- Les baisses des recettes tirées d'autres taxes sont principalement dues à une croissance économique plus faible que prévu, ayant pour résultat une baisse des recettes de la taxe sur les ventes au détail et des réductions des impôts fonciers pour l'éducation à la suite de l'application des nouvelles normes comptables qui exigent que les crédits d'impôt foncier pour l'éducation soient déduits des revenus y étant liés au lieu d'être dépensés.
- La baisse des dépenses en matière d'éducation est principalement due à un retraitement des états financiers sommaires pour les crédits d'impôt foncier pour l'éducation, lesquels sont maintenant comptabilisés comme des réductions faites aux recettes y étant liées au lieu d'être dépensés.
- Le Budget 2012 prévoyait des économies découlant des Examens de la gestion du portefeuille des programmes qui ont été allouées au ministère de la Développement des communautés, de l'économie et des ressources secteurs. Les chiffres réels de l'exercice en cours reflètent ces économies dans les ministères où ces réductions ont été effectuées. Les dépenses globales correspondent aux prévisions budgétaires.

D'autres analyses des écarts concernant la variation des recettes et des dépenses entre 2012-2013 et de 2011-2012 sont présentées plus loin dans le présent rapport.

Revenue**Recettes**

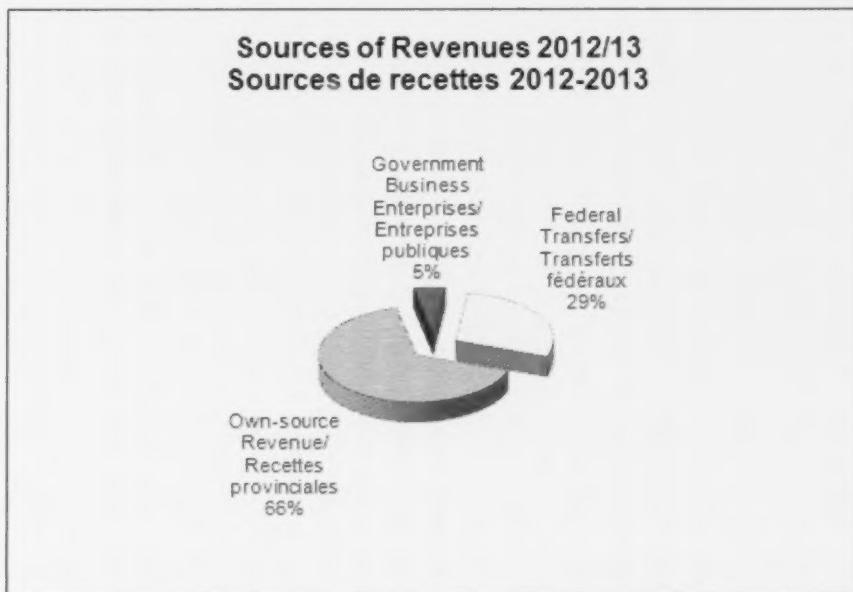
Revenue trend analysis provides users with information about significant changes in revenue over time and between sources, enabling users to evaluate past performance and assess potential implications for the future.

L'analyse de la tendance des recettes renseigne les lecteurs sur les principales variations dans les recettes selon les exercices et les sources, et leur permet d'évaluer la performance passée et les possibles implications dans l'avenir.

(\$ millions)/ (en millions de dollars)	2012/13	2011/12	2010/11	2009/10	2008/09
Revenue Source/ Source de recettes	Actual/ Chiffres réels de 2012-2013	Actual/ Chiffres réels de 2011-2012	Actual/ Chiffres réels de 2010-2011	Actual/ Chiffres réels de 2009-2010	Actual/ Chiffres réels de 2008-2009
Income taxes/Impôts.....	3,302	3,138	2,938	2,674	2,856
Retail sales tax/ Taxe sur les ventes au détail.....	1,767	1,658	1,576	1,527	1,527
Education property tax/ Impôts fonciers en matière d'éducation.....	587	554	545	533	530
Mining and other taxes/ Taxe minière et autres taxes.....	590	577	573	524	536
Levy for health and education/Impôt destiné à l'enseignement et aux services de santé.....	296	292	269	264	261
Fuel taxes/Taxes sur les carburants.....	332	269	256	255	253
Fees and other revenue/Droits et autres recettes.....	1,998	1,906	1,828	1,792	1,722
Sinking fund and other investment earnings/Fonds d'amortissement et autres revenus de placement.....	242	249	230	220	296
Net income from government business enterprises/Bénéfice nets des entreprises publiques.....	719	713	807	789	764
Federal transfers/Transferts fédéraux.....	3,953	4,332	4,047	3,924	3,866
Total Revenue/ Recettes totales.....	13,786	13,688	13,069	12,502	12,611

The Government's main revenue sources for 2012/13 are identified in the following chart.

Les principales sources de recettes du gouvernement pour 2012-2013 figurent dans le diagramme qui suit.



Total revenue in 2012/13 was \$13,786 million, an increase of 0.7% from 2011/12, as a result of the following:

- Income taxes were \$164 million (5.2%) higher as a result of increased in-year entitlements caused by increased national taxable income.
- In 2012/13, Retail Sales Tax revenue increased by \$109 million (6.6%) because of improvements experienced in the provincial economy and increases to the tax base.
- Fuel taxes increased by \$63 million (23.4%) as a result of higher fuel consumption and rate increases implemented in Budget 2012.
- Fees and other revenue increased by \$92 million (4.8%) due to increases in third-party recoveries by Crown organizations, resulting from increased program activity.

Les recettes totales en 2012-2013 ont atteint 13 786 millions de dollars, ce qui représente une augmentation de 0,7% par rapport à 2011-2012. Ce bond est attribuable aux faits suivants :

- Les impôts sur le revenu ont augmenté de 164 millions de dollars (soit de 5,2 %) grâce à la croissance des droits de l'exercice en cours due à une augmentation du revenu imposable national.
- En 2012-2013, les recettes tirées de la taxe sur les ventes au détail ont augmenté de 109 millions de dollars (soit de 6,6 %) en raison de l'amélioration de l'économie provinciale et de l'augmentation de l'assiette fiscale.
- Les recettes tirées des taxes sur le carburant ont augmenté de 63 millions de dollars (soit de 23,4 %) en raison d'une plus grande consommation de carburant et des augmentations de taux mises en place dans le Budget 2012.
- Les droites et autres recettes ont connu une augmentation de 92 millions de dollars (4,8 %) en raison de l'augmentation des recouvrements auprès de tiers par des organisations de la Couronne, attribuable à la hausse de l'activité des programmes.

- Federal transfers were \$379 million (8.7%) lower, resulting from increases in Canada Health Transfers (\$70 million), declines in Equalization (\$70 million) and decreases in shared cost revenue (\$379 million), primarily as a result of declines in federal revenue related to the 2011 flood.
- Le montant des transferts fédéraux a reculé de 379 millions de dollars (soit de 8,7 %) en raison de l'augmentation du Transfert canadien en matière de santé (70 millions de dollars), de la baisse des paiements de péréquation (70 millions de dollars) et de la baisse des recettes provenant du partage des frais (379 millions de dollars), résultant principalement de la baisse des recettes fédérales liées à l'inondation de 2011.

The revenue to GDP ratio at March 31, 2013 was 23.2%, consistent with the ratio of 24.0% as at March 31, 2012.

Au 31 mars 2013, le ratio des recettes aux PIB était de 23,2 %, correspondant de 24,0 % à celui établi au 31 mars 2012.

Expenses

Analysis of expenses helps users understand the impact of the Government's spending on the economy, the Government's overall allocation and use of resources, and the cost of Government programs.

Dépenses

L'analyse des dépenses aide les lecteurs à comprendre l'incidence des dépenses du gouvernement sur l'économie, la répartition de l'ensemble de ses recettes et l'usage des ressources, ainsi que le coût des programmes du gouvernement.

Expense by Function

Expense by function provides a summary of the major areas of Government spending, and changes in spending over time.

Dépenses par fonction

Les dépenses par fonction présentent le sommaire des principaux secteurs de dépenses du gouvernement et l'évolution des dépenses au fil des ans.

(\$ millions)/ (en millions de dollars)	2012/13	2011/12	2010/11	2009/10	2008/09
	Actual/ Chiffres réels de 2012-2013	Actual/ Chiffres réels de 2011-2012	Actual/ Chiffres réels de 2010-2011	Actual/ Chiffres réels de 2009-2010	Actual/ Chiffres réels de 2008-2009
Expense by Function/ Dépenses par fonction					
Health and Healthy Living/Santé et Vie saine.....	5,487	5,328	5,044	4,831	4,590
Education/Éducation.....	3,569	3,389	3,218	3,125	2,989
Family Services/Services à la famille.....	1,062	1,013	978	1,295	1,192
Community, Economic and Resource Development/Développement des communautés, de l'économie et des ressources.....	2,405	2,734	2,367	1,780	1,704
Justice and Other Expenditures/Justice et autres dépenses.....	1,004	1,410	870	900	857
Debt Servicing/ Service de la dette.....	839	815	773	756	830
Total Expenses by Function/Dépenses totales par fonction.....	14,366	14,689	13,250	12,687	12,162

The sources of expenses have remained consistent with the prior year, with general increases (excluding those expenditures related to flooding and excess moisture in 2011) in line with those experienced in previous years. The health and education sectors make up 63.0% of total expenses (59.3% in 2011/12).

Total expenses in 2012/13 were \$14,366 million, a decrease of 2.2% from 2011/12, as a result of the following:

- Health expenses increased by 3.0%, primarily due to inflationary increases in funding to Regional Health Authorities.
- Education expenses increased 5.3% from the prior year, reflecting budgeted increased program expenditures and increases to pension costs caused by contribution increases.
- Family Services expenses increased by 4.8%, reflecting increasing price and volume growth in Community Living Disability services and child protection, as well as an increase in funded spaces in Early Learning and Child Care centres.
- Community, Economic and Resource Development expenses decreased by 12.0%, primarily due to reductions in agricultural support program costs, the majority of which was primarily related to reduced 2011 flood costs and excess moisture conditions.
- Justice and Other Expenditures decreased by 28.8%, due to lower 2012/13 mitigation damage costs related to the 2011 Flood.

The following chart shows the Government's operating expenses by function:

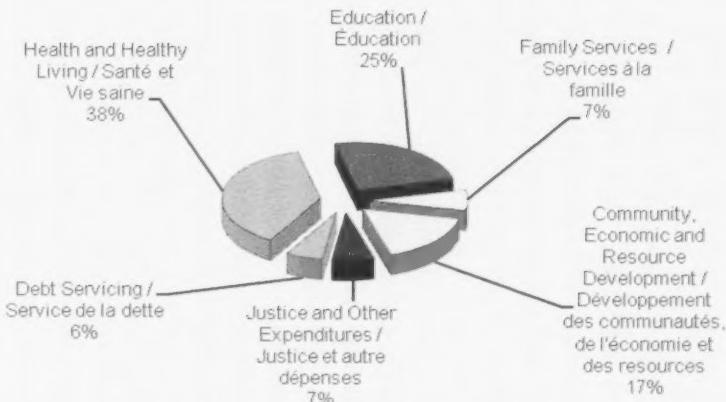
Les sources de dépenses ont suivi la tendance de l'exercice précédent, et les augmentations générales (à part les dépenses liées aux inondations et pluies excessives de 2011) ont été conformes à celles des exercices précédents. Les secteurs de la santé et de l'éducation représentent 63,0 % des dépenses totales (contre 59,3 % en 2011-2012).

Les dépenses totales en 2012-2013 s'élevaient à 14 366 millions de dollars, ce qui représente une baisse de 2,2 % par rapport à 2011-2012. Cette baisse est attribuable aux éléments suivants :

- les dépenses de santé ont augmenté de 3 %, principalement à cause des augmentations inflationnistes du financement des offices régionaux de la santé;
- les dépenses en éducation ont augmenté de 5,3% par rapport à l'exercice précédent, reflétant une augmentation des dépenses de programmes prévues dans le Budget et une augmentation des charges découlant des régimes de retraite due aux augmentations de cotisation;
- Les dépenses de Services à la famille ont augmenté de 4,8 %, reflétant l'augmentation du prix et la croissance du volume des Services d'intégration communautaires des personnes handicapées et de la protection des enfants, ainsi que de l'augmentation du nombre de places subventionnées dans les centres d'apprentissage et de garde des jeunes enfants.
- les dépenses pour le développement des communautés, de l'économie et des ressources ont baissé de 12,0 %, principalement en raison de la réduction des coûts des programmes de soutien agricole, laquelle est due en grande partie à la réduction des coûts liés à l'inondation de 2011 et à l'humidité excessive;
- les dépenses du ministère de la Justice et les autres dépenses ont reculé de 28,8 % en raison de la baisse, en 2012-2013, des coûts d'atténuation des dégâts liés à l'inondation de 2011.

Le diagramme suivant montre les éléments des dépenses de fonctionnement du gouvernement.

Expense by Function 2012/13 Dépenses par fonction 2012-2013



The health and healthy living, education, and family services components comprise 70.4% of the total operating expenses. Program expenses, which represent total expenses less the cost of servicing debt, decreased 2.5% from 2011/12, primarily as a result of decreased costs related to flooding and excess moisture conditions in 2011. In 2012/13, total expenses to GDP amounted to 24.2% (2011/12 – 25.8%) while program expenses to GDP amounted to 22.8% (2011/12 – 24.4%) of GDP.

The expense ratio (total expenses as a percentage of total revenues) stood at 104.2% in 2012/13. An expense ratio of more than 100% means that expenses have exceeded revenues, resulting in a deficit.

The total program expenses were basically equal to the 2012/13 budget.

Les secteurs de la santé et de la vie saine, de l'éducation et des services à la famille représentent 70,4 % des dépenses totales de fonctionnement. Les dépenses de programmes, soit les dépenses totales moins les frais de service de la dette, ont connu une baisse de 2,5 % par rapport à 2011-2012, principalement à cause de la diminution des coûts engendrés par les inondations et l'humidité excessive en 2011. En 2012-2013, les dépenses totales représentaient 24,2 % du PIB (contre 25,8 % en 2011-2012), alors que les dépenses de programmes en représentaient 22,8 % (contre 24,4 % en 2011-2012).

Le ratio des dépenses (dépenses totales en pourcentage des recettes totales) était de 104,2 % en 2012-2013. Un ratio supérieur à 100 % signifie que les dépenses sont supérieures aux recettes, et qu'on obtient un déficit.

Le total des dépenses consacrées aux programmes est à peu près le même que celui figurant dans le Budget 2012-2013.

Expense by Type

Expense by type provides a summary of the major types of Government spending, and changes in spending over time.

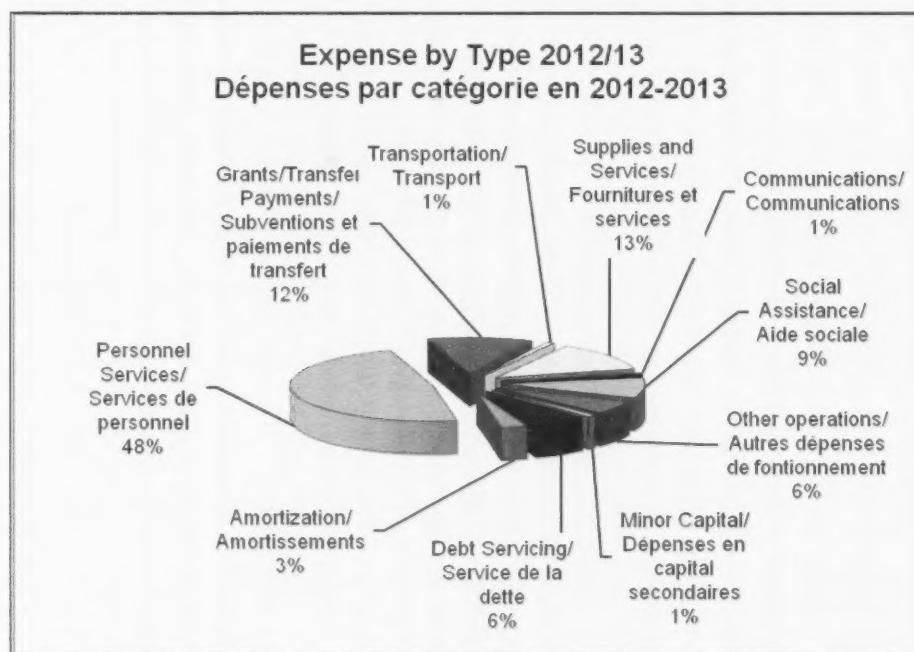
Dépenses par catégorie

Les dépenses par catégorie présentent le sommaire des catégories principales de dépenses du gouvernement et de l'évolution des dépenses au fil des ans.

(<i>\$ millions</i>)/ (en millions de dollars)	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009
Expense by Type/ Dépenses par catégorie					
Personnel Services/Services de personnel.....	6,894	6,557	6,332	6,074	5,760
Grants/Transfer Payments/ Subventions et paiements de transfert.....	1,784	2,060	1,384	1,242	1,355
Transportation/Transport.....	161	161	183	185	150
Communications/Communications....	72	77	70	77	76
Supplies and Services/Fournitures et services.....	1,807	2,000	1,836	1,863	1,717
Social Assistance/Aide sociale	1,309	1,409	1,038	967	876
Other Operating/Autres dépenses de fonctionnement	912	1,044	1,121	1,029	943
Debt Servicing/Service de la dette....	839	815	773	756	830
Minor Capital/Dépenses en capital secondaires.....	77	90	75	90	80
Amortization/Amortissement des immobilisations.....	511	476	438	404	375
Total Expenses by Type/ Dépenses totales	14,366	14,689	13,250	12,687	12,162

Expense types by percentage are shown in the following Chart:

Le diagramme suivant montre les catégories de dépense en pourcentage.



The Government's 2012/13 major expenses were personnel services at 48% (2011/12 – 44%), supplies and services at 13% (2011/12 – 13%) and grants/transfer payments at 12% (2011/12 – 14%).

En 2012-2013, les services de personnel ont représenté les principales dépenses du gouvernement, soit 48 % des dépenses (contre 44 % en 2011-2012), les fournitures et services ont représenté 13 % (contre 13 % en 2011-2012) et les subventions et paiements de transfert équivalaient à 12 % des dépenses (contre 14 % en 2011-2012).

Financial Assets

Analysis of financial assets provides users with information regarding the amount of resources available to the Government that can be converted to cash, if required, to discharge existing liabilities or to finance future operations.

Actifs financiers

L'analyse des actifs financiers renseigne les lecteurs sur le montant de ressources du gouvernement pouvant être converti en liquidités au besoin pour s'acquitter de ses présentes obligations ou financer des activités futures.

(\$ millions)/ (en millions de dollars)	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009
Financial Assets/ Actifs financiers					
Cash, cash equivalents, short-term investments/Trésorerie, équivalents de trésorerie, placements à court terme.....	1,331	1,374	1,047	1,461	1,439
Temporary investments/Placements temporaires.....	191	205	345	551	733
Accounts receivable and advances/Créances et avances.....	1,661	1,647	1,313	1,231	1,119
Inventories/Stocks.....	74	65	62	46	11
Portfolio investments/Placements de portefeuille.....	2,466	2,760	2,765	2,539	2,738
Loan and advances/Prêts et avances...	1,096	955	802	786	768
Equity in government business enterprises/Valeur des entreprises publiques.....	3,766	3,617	3,570	3,199	2,251
Total Financial Assets/Total des actifs financiers.....	10,585	10,623	9,904	9,813	9,059

Financial assets remain virtually unchanged from 2011/12. Overall portfolio investments decreased by \$294 million, or 10.7%, from 2011/12. These declines were offset by increases in accounts receivable (.9%), increases in loans and advances (14.8%) and increases in GBE equities. Our equity in GBEs represents 35.6% of the 2012/13 financial assets; an increase of \$149 million, or 4.1%, from 2011/12. This increase results from stable earnings achieved in the GBEs offset by a decrease in equity caused by their other comprehensive losses. Portfolio investments earned

Les actifs financiers n'ont pas changé par rapport à 2011-2012. Les placements de portefeuille globaux ont baissé de 294 millions de dollars depuis 2011-2012, soit de 10,7 %. Ces baisses ont été compensées par des augmentations des comptes débiteurs (0,9 %), des prêts et des avances (14,8 %), et des valeurs des entreprises publiques. La valeur des entreprises publiques représentait 35,6 % des actifs financiers en 2012-2013, en hausse de 149 millions de dollars (4,1 %) par rapport à 2011-2012. Cette hausse résulte de la stabilité des revenus des entreprises publiques,

\$75 million (2011/12 - \$81 million).

contrebalancée par une baisse de leur valeur due à des pertes dans leurs autres éléments du résultat étendu. Les placements de portefeuille ont rapporté 75 millions de dollars (contre 81 millions de dollars en 2011-2012).

Liabilities

An analysis of liabilities provides users with information to understand and assess the demands on financial assets. Liabilities consist of debt or obligations owing, to be repaid with cash or other assets.

Passifs

Une analyse des passifs permet aux lecteurs de comprendre et d'évaluer les pressions qui s'exercent sur les actifs financiers. Les passifs sont les dettes et les obligations à assumer au moyen de liquidités ou d'autres actifs.

Liabilities/ Passifs (\$ millions/ (en millions de dollars))	2012/13	2011/12	2010/11	2009/10	2008/09
	Actual/ Chiffres réels de 2012-2013	Actual/ Chiffres réels de 2011-2012	Actual/ Chiffres réels de 2010-2011	Actual/ Chiffres réels de 2009-2010	Actual/ Chiffres réels de 2008-2009
Borrowings/Emprunts	20,788	19,603	17,150	16,142	14,891
Accounts payable and accrued liabilities/ Créditeurs et charges à payer.....	3,415	3,527	3,204	3,160	3,291
Deferred revenues/ Recettes différées.....	427	390	360	365	305
Pension liability/ Obligation découlant des régimes de retraite.....	1,828	1,634	1,731	1,768	1,964
Other liabilities/Autres obligations....	20	19	21	21	21
Total Liabilities/ Total des passifs	26,478	25,173	22,466	21,456	20,472

The 2012/13 total liabilities increased \$1,305 million or 5.2% from 2011/12. Borrowings have increased \$1,185 million or 6.0% from 2011/12. The pension liability balance increased by \$194 million or 11.9% from 2011/12. Restricted inflows, recorded as deferred revenues, remained relatively unchanged from 2011/12, and accounts payable and accrued liabilities decreased by \$112 million or 3.2% from 2011/12.

Le total des passifs de 2012-2013 s'est accru de 1 305 millions de dollars par rapport à 2011-2012, ce qui représente une croissance de 5.2 %. Les emprunts ont augmenté de 1 185 millions de dollars, soit 6.0 % par rapport à 2011-2012. Le solde de l'obligation découlant des régimes de retraite a diminué de 194 millions de dollars, soit 11.9 %, par rapport à 2011-2012. Les rentrées soumises à restrictions, inscrites comme des recettes reportées, sont restées relativement similaires depuis l'exercice précédent, et les comptes fournisseurs et les charges à payer ont augmenté de 112 millions de dollars par rapport à 2011-2012, soit une hausse de 3.2 %.

Debt servicing costs were \$839 million (2011/12 - \$815 million) as at March 31, 2013, an increase of 2.9%. As explained on page 96, the gross amount of debt servicing costs increased to a level of \$1,335 million, (2011/12 - \$1,245 million) when GBEs' adjustments are

Les frais de service de la dette ont atteint 839 millions de dollars au 31 mars 2013, contre 815 millions de dollars en 2011-2012, ce qui représente une hausse de 2,9 %. Comme nous l'avons expliqué à la page 96, le montant brut des frais de service de la dette est monté à 1 335 millions de dollars (contre 1 245 millions de dollars en

included.

2011-2012), après les ajustements relatifs aux entreprises publiques.

Pension Liability

Direct action has been taken to address the unfunded pension liability. This included funding 75% of the employer's liability relating to the Teacher's Retirement Allowances Fund in 2007, and funding \$1,100 million towards the employer's liability relating to the Civil Service Superannuation Fund by the end of March 2012, through borrowings. Like any long-term strategy, there will be ups and downs in returns on investment. Borrowing funds to pay down the previously unfunded pension liability is a sound fiscal decision, as over the longer term, the cost of borrowing is less than the actuarially determined expected rate of return on the plan assets and the rate of growth in the pension liability. Over the last five years, the markets have substantially recovered to offset any losses that were experienced on the plan assets during the economic downturn.

Obligation découlant des régimes de retraite

Des mesures énergiques ont été prises pour régler la question de l'obligation non capitalisée découlant des régimes de retraite. Ainsi, après avoir provisionné 75 % de l'obligation provinciale relative à la Caisse de retraite des enseignants en 2007, le gouvernement affecte 1 100 millions de dollars à l'obligation relative à la Caisse de retraite de la fonction publique à la fin de mars 2012, en recourant à des emprunts. Comme pour toutes les stratégies à long terme, il y aura des hauts et des bas dans les rendements du capital investi. L'emprunt de sommes pour rembourser l'obligation non capitalisée découlant des régimes de retraite est une décision financière judicieuse car, à long terme, le coût d'emprunt est inférieur aux prévisions actuarielles des taux de rendement de l'actif des régimes et du taux de croissance de l'obligation découlant des régimes de retraite. Au cours des cinq dernières années, les marchés ont connu une reprise importante ce qui a permis de compenser les pertes enregistrées sur l'actif du régime durant le ralentissement économique.

The Government uses a diversified, conservative investment approach to mitigate the risk of volatile market conditions on its investments and operating results. It recognizes changes in market value over the service life of employees, consistent with Canadian generally accepted accounting principles. This method of accounting for market changes allows the Government to smooth gains and losses over several years.

Le gouvernement a adopté une approche conservatrice dans le choix de ses placements, qu'il a aussi voulu diversifiés, afin de limiter les risques liés à la volatilité des marchés, et cela, tant pour protéger ses placements que ses résultats d'exploitation. Il reconnaît les changements de valeur marchande au cours des années de service des employés, conformément aux principes comptables généralement reconnus au Canada. Cette méthode tenant compte des changements du marché permet au gouvernement de lisser les gains et les pertes sur plusieurs années.

Notwithstanding the impact of market shifts on the operating results of the Government, pension benefits are not affected because all the pension plans that it sponsors are defined benefit plans. Under these types of plans, pension benefits are determined using a formula which is linked to the employee's salary. Benefits are not linked to the market value of investments or recent investment returns.

Malgré les effets qu'ont eus les variations du marché sur les résultats de fonctionnement exercices du gouvernement, les prestations de retraite n'en subissent pas les répercussions, car tous les régimes de retraite que le gouvernement offre sont à prestations déterminées. Selon ces régimes, les prestations de retraite se calculent en fonction du salaire de l'employé concerné. Elles ne sont pas liées à la valeur de marché des placements ni aux récents rendements du capital investi.

Further information on the status of pension plan assets is provided in the 2012/13 notes to the Public Accounts, page 88, and Schedule 6, page 106.

Vous trouverez plus de renseignements sur l'état de l'actif des régimes de retraite dans les notes accompagnant les Comptes publics de 2012-2013, page 88, et à l'Annexe 6, page 106.

Net Debt and Accumulated Deficit

Net debt is the difference between the Province's liabilities and financial assets. It represents the amount of liabilities to be funded from future revenues and taxation. Operating losses, investments in tangible capital assets or other non-financial assets all increase net debt. Net debt is decreased by operating net income or decreases in the value of net tangible capital assets and other non-financial assets. As at March 31, 2013, net debt was \$15,893 million, \$1,343 million or 9.2% higher than the prior year.

The accumulated deficit has increased by \$1,120 million, or 23.3%, from five years ago , as a result of losses in 2011/12 and 2012/13, offset by the growing economy and prudent fiscal management. In 2012/13, the accumulated deficit increased by \$592 million, or 11.1%, from 2011/12.

Dette nette et déficit accumulé

La dette nette est la différence entre les passifs de la Province et ses actifs financiers. Elle représente la somme des passifs à financer à même les recettes et les impôts à venir. Les pertes résultant des activités ainsi que les investissements dans les immobilisations corporelles et les autres actifs non financiers augmentent tous à la dette nette. La dette nette diminue en fonction des revenus nets provenant des activités ou des baisses de la valeur des immobilisations corporelles nettes et d'autres actifs non financiers. Au 31 mars 2013, la dette nette s'élevait à 15 893 millions de dollars, soit 1 343 millions de dollars ou (9,2%) plus élevée qu'à la fin de l'exercice antérieur.

Le déficit accumulé a augmenté de 1 120 millions de dollars (soit de 23,3 %) en cinq ans, en raison des pertes encourues en 2011-2012 et en 2012-2013, compensées par la croissance de l'économie et par une gestion fiscale prudente. En 2012-2013, le déficit accumulé a augmenté de 592 millions de dollars (11,1 %) par rapport à l'exercice précédent.

(\$ millions)/ (en millions de dollars)	2012/13	2011/12	2010/11	2009/10	2008/09
Actual/ Chiffres réels de 2012-2013	Actual/ Chiffres réels de 2011-2012	Actual/ Chiffres réels de 2010-2011	Actual/ Chiffres réels de 2009-2010	Actual/ Chiffres réels de 2008-2009	
Net Debt and Accumulated Deficit/ Dette nette et déficit accumulés					
Financial assets/ Actifs financiers.....	10,585	10,623	9,904	9,813	9,059
Less: liabilities/ Moins : les passifs.....	(26,478)	(25,173)	(22,466)	(21,456)	(20,472)
Total Net Debt/Dette nette.....	(15,893)	(14,550)	(12,562)	(11,643)	(11,413)
Non-financial assets/Actifs non financiers.....	9,957	9,206	8,288	7,407	6,597
Total Accumulated Deficit/ Total du déficit accumulé.....	(5,936)	(5,344)	(4,274)	(4,236)	(4,816)

Non-financial Assets

An analysis of non-financial assets provides users with information to assess changes in the Government's infrastructure and long-term non-financial assets.

Actifs non financiers

Une analyse des actifs non financiers permet aux lecteurs d'apprécier l'évolution des infrastructures et des actifs non financiers à long terme du gouvernement.

(\$ millions)/ (en millions de dollars)	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009
Non-Financial Assets/ Actifs non financiers					
Tangible capital assets/Immobilisations corporelles.....	9,842	9,097	8,187	7,279	6,523
Prepaid expenses/Charges payées d'avance.....	60	50	51	46	38
Inventories/Stocks.....	55	59	50	82	36
Total Non-financial Assets/Total des actifs non financiers.....	9,957	9,206	8,288	7,407	6,597

Non-financial assets typically represent resources that a government can use in the future to provide services, such as tangible capital assets. The management of non-financial assets has a direct impact on the level and quality of services a government is able to provide to its citizens.

At March 31, 2013, non-financial assets were \$751 million higher, or 8.2%, than 2011/12. The majority of the Government's non-financial assets represent expenditures for tangible capital assets. New acquisitions of tangible capital assets totalled \$1,273 million for 2012/13 (\$1,441 million for 2011/12). These capital acquisitions include investments in the post-secondary education, health facilities and transportation sectors.

Les actifs non financiers, comme les immobilisations corporelles, sont généralement des ressources que le gouvernement peut utiliser dans l'avenir pour fournir des services. La gestion des actifs non financiers a des répercussions directes sur le niveau et la qualité de services qu'un gouvernement est en mesure de fournir à sa population.

Au 31 mars 2013, les actifs non financiers présentaient une hausse de 751 millions de dollars, soit 8,2 %, par rapport à ceux de 2011-2012. La plus grande partie des actifs non financiers du gouvernement provient de dépenses en immobilisations corporelles. Les nouvelles acquisitions d'immobilisations corporelles totalisaient 1 273 millions de dollars en 2012-2013 (1 441 millions de dollars en 2011-2012). Ces acquisitions d'immobilisations comprennent des investissements dans les secteurs de l'enseignement postsecondaire, dans les établissements de santé et dans les transports.

Tangible Capital Assets

An analysis of tangible capital assets helps users understand whether the Government has the ability to provide services in future periods.

Immobilisations corporelles

Une analyse des immobilisations corporelles aide les lecteurs à connaître la capacité du gouvernement de fournir des services au cours de périodes à venir.

(\$ millions)/ (en millions de dollars)	2012/13 Actual/ Chiffres réels de 2012-2013	2011/12 Actual/ Chiffres réels de 2011-2012	2010/11 Actual/ Chiffres réels de 2010-2011	2009/10 Actual/ Chiffres réels de 2009-2010	2008/09 Actual/ Chiffres réels de 2008-2009
Tangible Capital Assets/ Immobilisations corporelles					
Land/Terrains.....	233	214	205	179	208
Building and leasehold improvements/Immeubles et améliorations locatives.....	4,072	3,802	3,273	3,130	2,883
Vehicles and equipment/Véhicules et équipement.....	788	754	673	639	596
Computer hardware and software/Matériel informatique et logiciels.....	306	286	243	235	253
Assets under construction/Actifs en construction.....	975	843	945	614	487
Infrastructure/Infrastructure.....	3,468	3,198	2,848	2,482	2,096
Total Tangible Capital Assets/Total des immobilisations corporelles.....	9,842	9,097	8,187	7,279	6,523

Commencing in 2006/07, the Government's policy is to capitalize the gross cost of its tangible capital assets. Recoveries related to capital projects, from other governments, are recognized as revenue in the year a tangible capital asset is purchased. In accordance with the recommendations of PSAB, the value of Crown land transferred to the Province is not reported as tangible capital assets.

The net book value (cost less accumulated amortization) of tangible capital assets is a major asset of the Province, totaling \$9,842 million at the end of 2012/13 (2011/12 - \$9,097 million). The buildings and leasehold improvements asset class includes a large portion of tangible capital assets pertaining to provincially-owned schools, health facilities, and public service buildings. Infrastructure assets include roads, water control structures and parks.

The investment in tangible capital assets in total has remained reasonably consistent with the prior year.

Depuis 2006-2007, la politique du gouvernement consiste à comptabiliser à l'actif le coût brut de ses immobilisations corporelles. Les sommes récupérées liées aux projets d'immobilisation sont inscrites comme des recettes au cours de l'exercice où les immobilisations corporelles sont achetées. Conformément aux recommandations du Conseil sur la comptabilité dans le secteur public, la valeur des terres de la Couronne transférées à la Province n'est pas comprise dans les immobilisations corporelles.

La valeur comptable nette (coût moins les amortissements cumulés) des immobilisations corporelles constitue un des principaux actifs de la Province et représentait 9 842 millions de dollars à la fin de 2012-2013 (9 097 millions de dollars en 2011-2012). La catégorie Immeubles et améliorations locatives est formée en grande partie par les immobilisations corporelles des écoles, des établissements de santé et des immeubles de services publics qui appartiennent à la province. La catégorie Infrastructure comprend les routes, les ouvrages de régularisation des eaux et les parcs.

Dans l'ensemble, l'investissement en immobilisations corporelles est relativement semblable à celui de

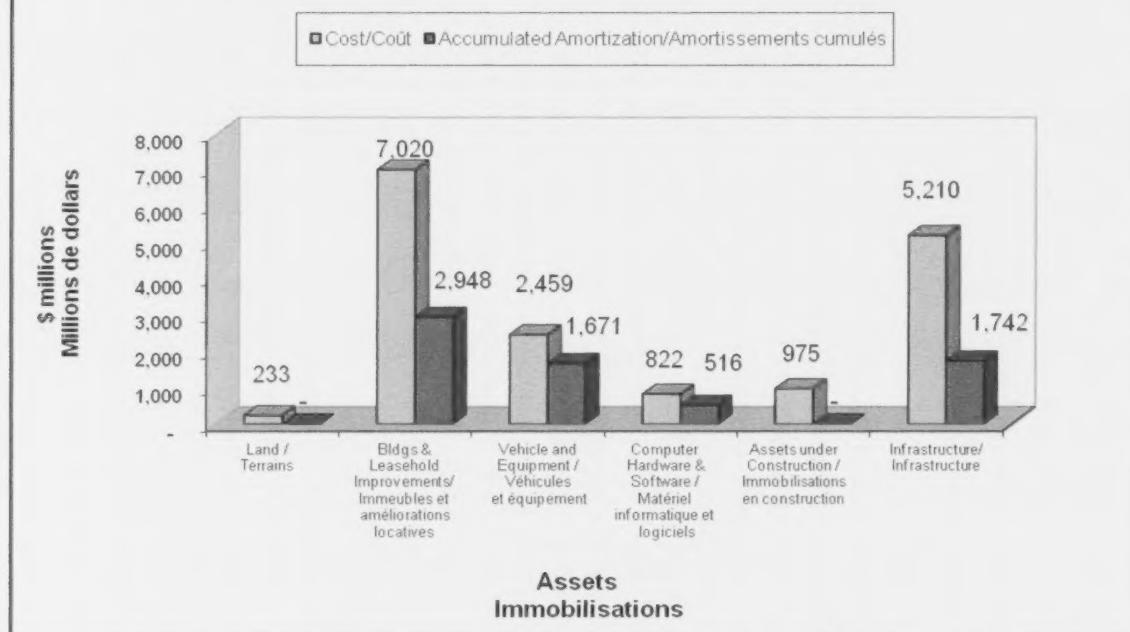
The net annual investment increased by \$745 million in 2012/13 (2011/12 - \$910 million increase). In 2012/13, the Government invested \$594 million in buildings and leasehold improvements, \$165 million for vehicles and equipment, and \$411 million for infrastructure projects. Infrastructure projects include \$388 million in transportation-related projects, such as road grading and surfacing.

The total cost of tangible capital assets has also increased steadily, from \$11,783 million in 2008/09 to \$16,719 million in 2012/13, demonstrating the value of tangible capital assets that are available to provide services in future periods. The following chart of tangible capital assets shows these assets by class and their related accumulated amortization as at March 31, 2013.

l'exercice précédent. L'investissement annuel net s'est accru de 745 millions de dollars en 2012-2013 (contre 910 millions de dollars en 2011-2012). En 2012-2013, le gouvernement du Manitoba a investi 594 millions de dollars dans la construction de bâtiments et dans des améliorations locatives, 165 millions dans l'achat de véhicules et d'équipement, et 411 millions dans des projets d'infrastructure. Les projets d'infrastructure comprennent 388 millions de dollars pour des travaux dans le secteur des transports, comme le nivellement et le surfaçage des routes.

Les immobilisations corporelles s'accroissent également de façon constante. Elles sont passées de 11 783 millions en 2008-2009 à 16 719 millions en 2012-2013, ce qui témoigne de la valeur des immobilisations corporelles utiles à la prestation de services aux cours de périodes à venir. Le diagramme suivant présente les immobilisations corporelles par catégorie et leurs amortissements cumulés respectifs au 31 mars 2013.

Tangible Capital Assets as at March 31, 2013 Immobilisations corporelles au 31 mars 2013





GLOSSARY OF KEY TERMS /GLOSSAIRE DE TERMES-CLÉS

Borrowings: Borrowings are securities issued in the name of the Province to capital markets investors. Securities include debentures, treasury bills, promissory notes, medium-term notes and Manitoba Savings Bonds.

Emprunts : valeurs ou titres émis au nom de la Province et vendus aux investisseurs des marchés financiers. On compte parmi ces titres des débentures, des bons du Trésor, des billets à ordre, des obligations à moyen terme et des obligations d'épargnes du Manitoba.

Consolidation Impacts: The adjustments needed to bring the revenue and expenditure of the Other Reporting Entities into the Summary Budget, and to eliminate transactions between entities to avoid duplication of revenues and expenses (e.g. a government grant is counted as an expenditure of Core Government and is eliminated from the revenue of the Other Reporting Entity).

Incidences de la consolidation : ajustements nécessaires pour inclure les recettes et les dépenses des autres entités comptables dans le Budget sommaire, et pour éliminer les transactions entre entités dans le but d'éviter la comptabilisation double des recettes et des dépenses (par exemple, une subvention publique figure comme dépense dans les opérations fondamentales du gouvernement et est éliminée dans les recettes d'autres entités comptables).

Core Government: A component of the GRE. Represents the operations of government, including the revenues directly under government's control, and the programs and services delivered by government departments.

Opérations fondamentales du gouvernement : composante du périmètre comptable du gouvernement. Il s'agit des opérations du gouvernement, y compris les recettes qui sont directement sous son contrôle, ainsi que les programmes et les services fournis par ses ministères.

Crown Organization: An organization in the GRE that is wholly owned or established by government, such as a Crown corporation (e.g. Manitoba Agricultural Services Corporation).

Organisation de la Couronne : organisation du périmètre comptable qui a été établie par le gouvernement ou dont il a la propriété exclusive, par exemple une société d'État comme la Société des services agricoles du Manitoba.

Debt Servicing Cost: Interest and other expenses associated with provincial borrowings.

Frais de service de la dette : intérêts et autres dépenses liés aux emprunts provinciaux.

Financial Assets: Assets of the Province such as cash, investments, loans and accounts receivable that could be readily converted to cash in order to pay the Province's liabilities or finance its future operations.

Actifs financiers : actifs de la province (exemples : encaisse, placements, prêts et débiteurs) qui pourraient facilement être convertis en liquidités afin de faire face aux obligations de la province ou pour financer ses activités futures.

Generally Accepted Accounting Principles (GAAP): Standard accounting practices and reporting guidelines as prescribed by The Chartered Professional Accountants of Canada.

Principes comptables généralement reconnus (PCGR) : pratiques comptables normalisées et lignes directrices pour la présentation de l'information financière, prescrites par Comptables Professionnels agréés Canada.

Government Business Enterprises (GBEs): A Crown organization delegated with the financial and operating authority to carry on a business. It sells goods or services to individuals and organizations outside the GRE and can maintain its business on those revenues.

Entreprise publique : organisation de la Couronne qui est investie des pouvoirs financiers et administratifs nécessaires pour mener des activités commerciales. Elle vend des biens ou offre des services à des particuliers ou à des organismes non compris dans le périmètre comptable du gouvernement et elle peut poursuivre ses activités au moyen de ses recettes.

Government Reporting Entity (GRE): Includes Core Government and Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges.

Périmètre comptable du gouvernement : inclut les opérations fondamentales du gouvernement, les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges.

Gross Domestic Product (GDP): Represents the total market value of all final goods and services produced in the Manitoba economy.

Produit intérieur brut (PIB) : valeur marchande totale de tous les biens et services finaux produits par l'économie manitobaine.

Guarantees: The Province, in the normal course of business, may provide a guarantee to honour the repayment of debt or loans of an organization, primarily GBEs. Such a guarantee is provided on the Manitoba Hydro Savings Bonds.

Garanties : la province, dans le cours normal de ses activités, peut garantir le remboursement des dettes ou des emprunts engagés par des organismes, c'est-à-dire principalement des entreprises publiques. De telles garanties sont fournies pour les obligations d'épargnes Hydro Bonds du Manitoba.

Net Debt to GDP Ratio: The ratio of government net debt relative to the total market value of all final goods and services produced in the Manitoba economy. Net debt represents the total liabilities of the government less its financial assets. It is widely used by credit rating agencies and other analysts to evaluate the financial situation and trends of jurisdictions in regards to their relative creditworthiness.

Ratio dette nette produit intérieur brut (PIB) : dette nette de la province par rapport à la valeur marchande totale de tous les biens et services finaux produits par l'économie manitobaine. La dette nette est le total du passif de l'État moins ses actifs financiers. Les agences de notation et autres analystes s'en servent couramment pour apprécier la conjoncture financière d'un État et l'évolution de sa capacité à faire face à ses engagements financiers.

Non-Financial Assets: Includes physical items such as tangible capital assets (e.g. buildings and roads) and consumable goods such as inventories that are not normally converted to cash.

Actifs non financiers : actifs ayant une existence matérielle, notamment les immobilisations corporelles (par exemple les immeubles et les routes) et les biens consommables tels que les stocks qui ne sont pas normalement convertis en liquidités.

Other Comprehensive Income (OCI): Other comprehensive income is an accounting recognition of unrealized gains and losses in fair market value of financial instruments, such as investments held as available for sale or trading or debt held in a foreign currency. Currently, OCI accounting standards apply only to other reporting entities, except not-for-profit organizations. It is measured as the change in "mark-to-

Autres éléments du résultat étendu : prise en compte des gains et des pertes non réalisés calculés selon la juste valeur de marché de l'instrument financier, par exemple, un placement disponible pour la vente ou une dette en devise étrangère. À l'heure actuelle, les normes comptables concernant les autres éléments du résultat étendu s'appliquent uniquement aux autres entités comptables, à l'exception des organismes sans but non

"market" valuations, interest rates, or foreign exchange rates at year end, and therefore is a one-day snapshot of the change in value when compared to the same day in the previous year.

lucratif. Les autres éléments du résultat étendu sont évalués d'après la variation des évaluations à la valeur du marché, des taux d'intérêt et des taux de change en fin d'exercice et constituent, par conséquent, un aperçu ponctuel de la variation d'une valeur donnée par comparaison avec la valeur à la même date l'exercice antérieur.

Other Reporting Entities: Entities in the GRE such as Crown organizations, government business entities and public sector organizations such as regional health authorities, school divisions, universities and colleges that are directly or indirectly controlled by the Government, as prescribed by PSAB – excludes Core Government.

Autres entités comptables : entités du périmètre comptable du gouvernement comme les organisations de la Couronne, les entreprises publiques et les organismes du secteur public tels les offices régionaux de la santé, les divisions scolaires, les universités et les collèges qui sont directement ou indirectement sous le contrôle du gouvernement, comme le prescrit le Conseil sur la comptabilité dans le secteur public. Exclut les opérations fondamentales du gouvernement.

Pension Liability: Outstanding actuarial-calculated pension liability of the government and participating Crown organizations. The expense includes amounts funded through the appropriations of Core Government as well as for the actuarially determined increases in the pension liability.

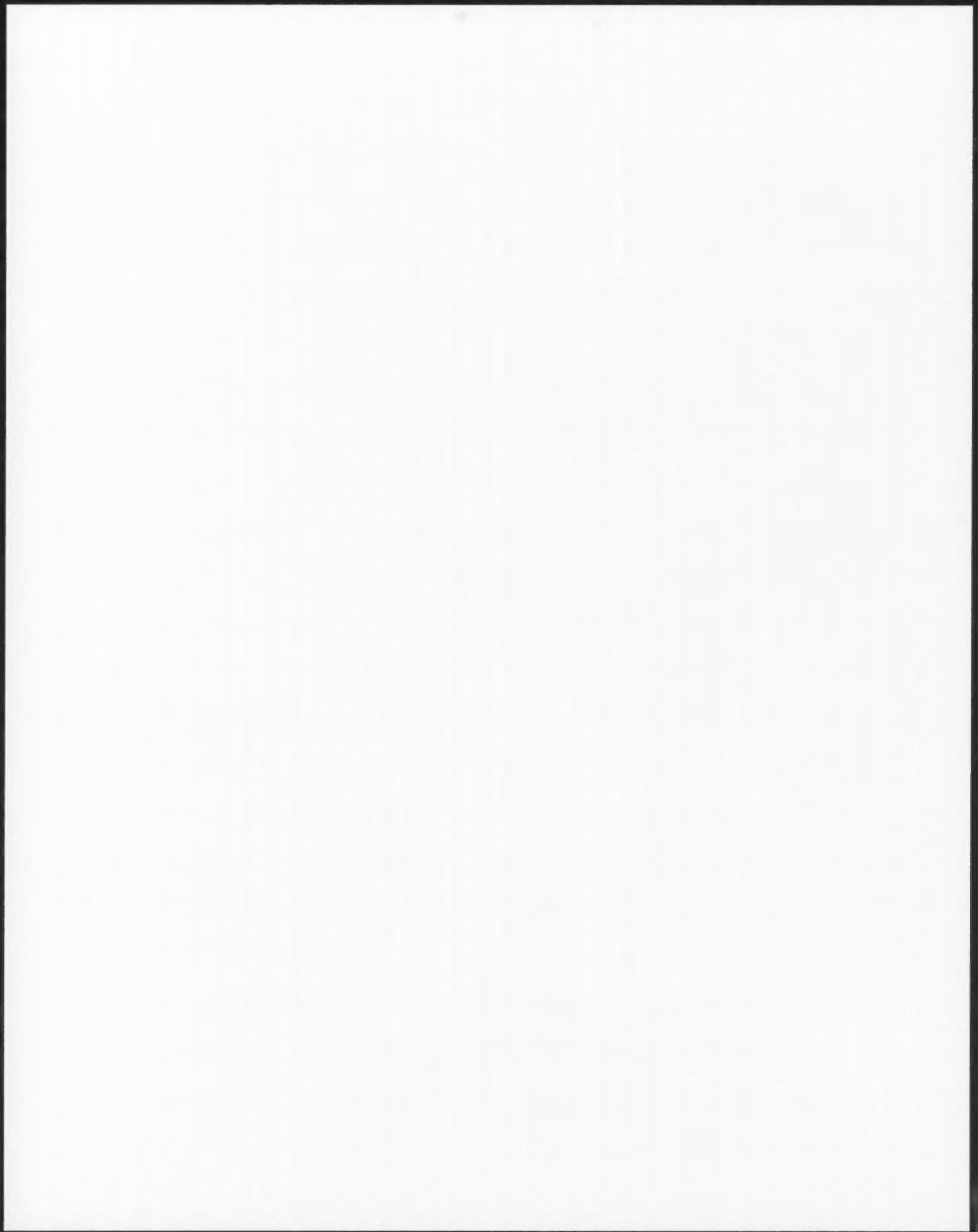
Obligation découlant des régimes de retraite : valeur actuarielle de l'obligation non réglée découlant des régimes de retraite du gouvernement et des organisations de la Couronne participantes. La dépense comprend les fonds provenant des crédits relatifs aux opérations fondamentales du gouvernement et l'augmentation, déterminée à l'aide de calculs actuariels, de l'obligation découlant des régimes de retraite.

Summary Net Debt: Represents the total liabilities of the GRE less its financial assets. This is the residual amount that will have to be paid or financed by future revenue.

Dette nette sommaire : total des passifs du périmètre comptable du gouvernement moins ses actifs financiers. Il s'agit du solde des passifs qu'il faudra payer ou financer à l'aide de recettes futures.

Tangible Capital Assets: Assets with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not for resale.

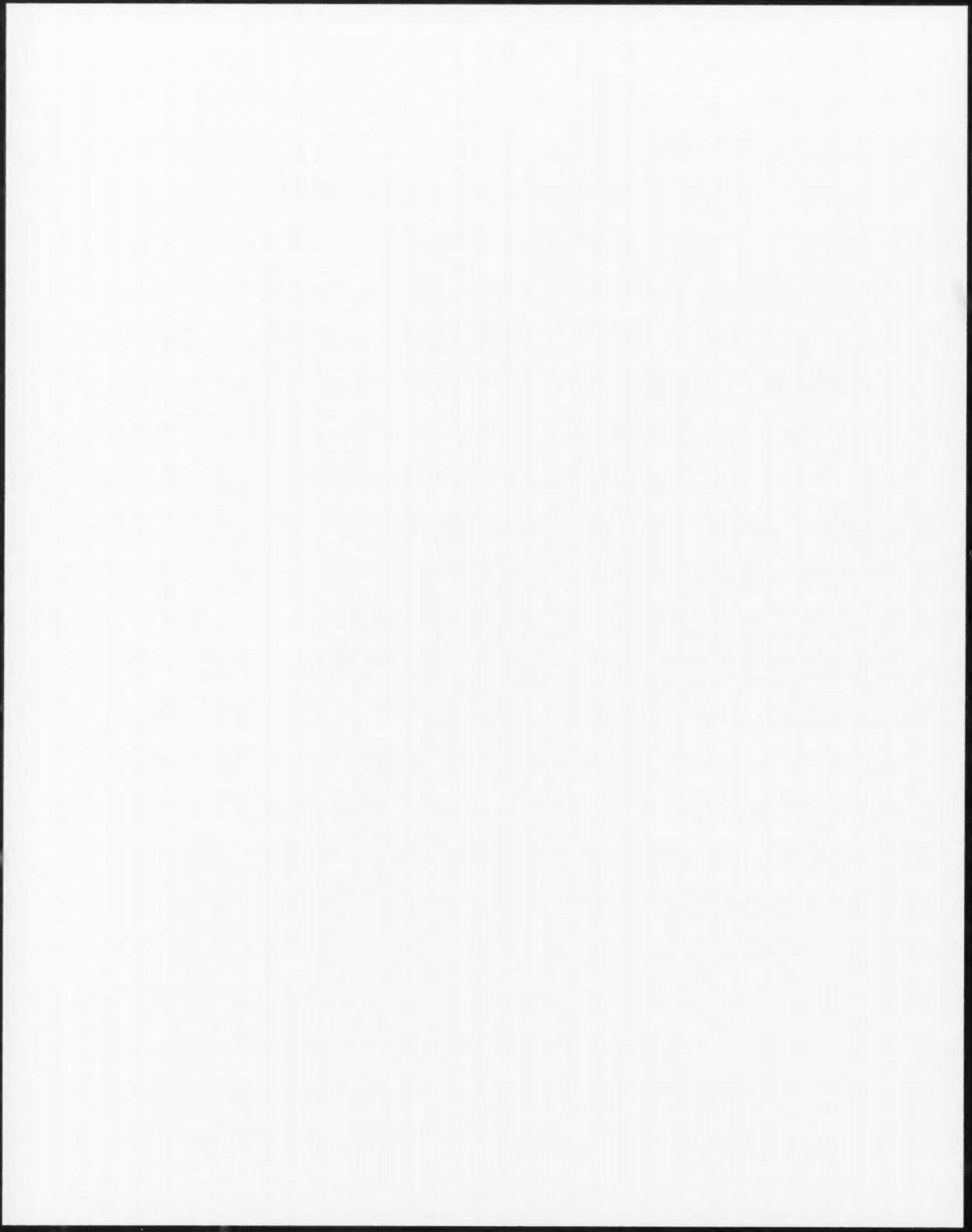
Immobilisations corporelles : immobilisations dont la durée de vie utile s'étend au-delà de l'exercice et qui sont acquises, construites ou développées, et qui sont destinées à être utilisées plutôt que vendues.



**SUMMARY FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

March 31, 2013



SECTION 1**SUMMARY FINANCIAL STATEMENTS**

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STATEMENT OF RESPONSIBILITY

The summary financial statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the Government reporting entity and include summary statements of financial position, revenue and expense, accumulated deficit, change in net debt, cash flow, notes and schedules integral to the statements. Together, they present fairly, in all material respects, the financial condition of the Government reporting entity at the fiscal year end and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

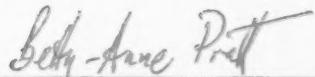
The Government is responsible for the integrity and objectivity of the summary financial statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets, liabilities, revenues and expenses is dependent on future events. The Government believes such estimates have been based on careful judgements and have been properly reflected in the summary financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Provincial Comptroller, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with *The Financial Administration Act*.

The Auditor General expresses an independent opinion on these financial statements. Her report, stating the scope of her audit and opinion, appears on the following page.

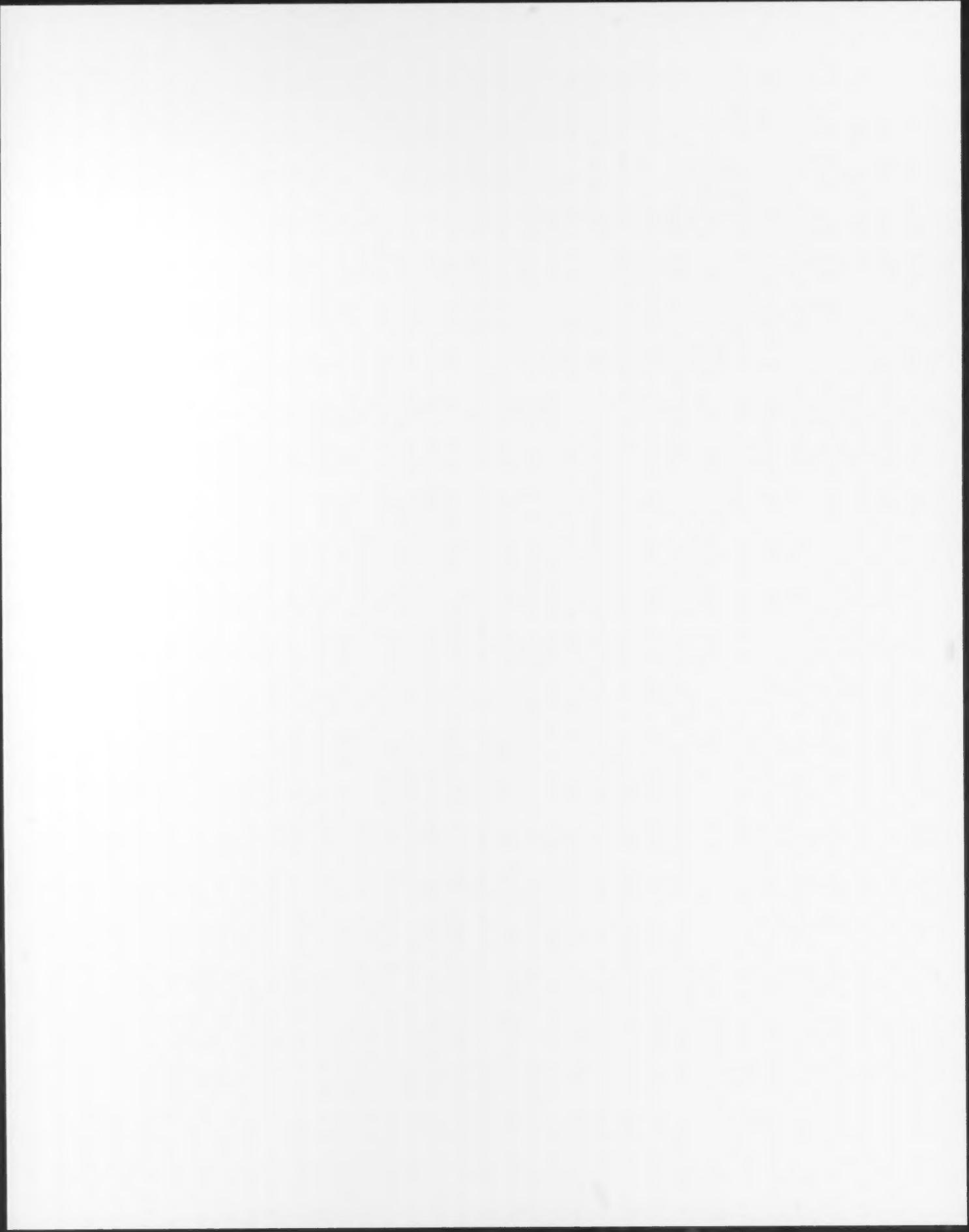
These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of the Province of Manitoba.



Betty-Anne Pratt, CA
Provincial Comptroller

August 28, 2013





OFFICE OF THE
AUDITOR GENERAL
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying consolidated financial statements of the Province of Manitoba, which comprise the consolidated statement of financial position as at March 31, 2013, and the consolidated statements of revenue and expense, accumulated deficit, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Manitoba as at March 31, 2013, and the results of its operations, the changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



August 28, 2013
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General



SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2013

		(\$ millions)	
	SCHEDULE	2013	2012
FINANCIAL ASSETS			
1	Cash and cash equivalents.....	1,331	1,374
	Temporary investments (Note 2).....	191	205
1	Amounts receivable.....	1,661	1,647
	Inventories for resale.....	74	65
2	Portfolio investments (Note 3).....	2,466	2,760
2	Loans and advances.....	1,096	955
3	Equity in government business enterprises (Note 4).....	<u>3,766</u>	<u>3,617</u>
	Total Financial Assets	<u>10,585</u>	<u>10,623</u>
LIABILITIES			
4	Borrowings.....	20,788	19,603
5	Accounts payable, accrued charges, provisions and unearned revenue.....	3,862	3,936
6	Pension liability (Note 5).....	1,828	1,634
	Total Liabilities	<u>26,478</u>	<u>25,173</u>
NET DEBT			
		<u>(15,893)</u>	<u>(14,550)</u>
NON-FINANCIAL ASSETS			
7	Inventories held for use.....	55	59
	Prepaid expenses.....	60	50
7	Tangible capital assets.....	<u>9,842</u>	<u>9,097</u>
	Total Non-Financial Assets	<u>9,957</u>	<u>9,206</u>
ACCUMULATED DEFICIT			
		<u>(5,936)</u>	<u>(5,344)</u>
Contingencies (Note 6)			
Contractual Obligations (Note 7)			

The accompanying notes and schedules are an integral part of these financial statements.

PROVINCE OF MANITOBA
PUBLIC ACCOUNTS 2012/13

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
For the Year Ended March 31, 2013

	(\$ millions)		
	2013	2012	2012
	Budget	Actual	Actual
REVENUE			
Income taxes:			
Corporation income tax.....	405	456	441
Individual income tax.....	2,796	2,846	2,697
Other taxes:			
Retail sales tax.....	1,834	1,767	1,658
Fuel taxes.....	316	332	269
Levy for health and education.....	306	296	292
Mining tax.....	35	38	62
Education property tax.....	744	587	554
Other taxes.....	553	552	515
Fees and other revenue.....	2,009	1,998	1,906
Federal transfers:			
Equalization.....	1,872	1,872	1,942
Canada Health and Canada Social Transfers.....	1,492	1,487	1,417
Shared cost and other.....	525	594	973
Net income from government business enterprises (Schedule 3).....	722	719	713
Sinking funds and other investment earnings.....	242	242	249
Total Revenue (Schedule 9).....	13,851	13,786	13,688
EXPENSES			
Health and Healthy Living.....	5,546	5,487	5,328
Education.....	3,710	3,569	3,389
Family Services.....	1,064	1,062	1,013
Community, Economic and Resource Development.....	2,317	2,405	2,734
Justice and Other Expenditures.....	817	1,004	1,410
Debt Servicing (Note 8).....	857	839	815
Total Expenses (Schedule 9).....	14,311	14,366	14,689
NET LOSS FOR THE YEAR	(460)	(580)	(1,001)

The accompanying notes and schedules are an integral part of these financial statements.

PROVINCE OF MANITOBA
PUBLIC ACCOUNTS 2012/13

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
For the Year Ended March 31, 2013

	(\$ millions)		
	Budget	2013 Actual	2012 Actual
Opening accumulated deficit, as previously reported.....	(4,503)	(5,305)	(4,237)
Restatements (Note 9)			
Correction of recognition of tax credits.....	-	(39)	(37)
Opening accumulated deficit, as restated.....	(4,503)	(5,344)	(4,274)
Other Comprehensive Income (Schedule 3).....	-	(12)	(77)
Amalgamation of controlled entity (Schedule 3).....	-	-	8
Net Loss for the year.....	(460)	(580)	(1,001)
Closing accumulated deficit, as restated.....	<u>(4,963)</u>	<u>(5,936)</u>	<u>(5,344)</u>

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended March 31, 2013

	(\$ millions)		
	2013	2012	
	Budget	Actual	Actual
Net Loss for the year.....	(460)	(580)	(1,001)
Tangible Capital Assets (Schedule 7)			
Acquisition of tangible capital assets.....	(1,520)	(1,273)	(1,441)
Amortization of tangible capital assets.....	501	511	476
Disposal of tangible capital assets.....	-	17	55
Net Acquisition of Tangible Capital Assets.....	<u>(1,019)</u>	<u>(745)</u>	<u>(910)</u>
Other Non-Financial Assets			
Decrease (Increase) in inventories.....	-	4	(9)
Decrease (Increase) in prepaid expenses.....	-	(10)	1
Net Acquisition of Other Non-Financial Assets.....	<u>-</u>	<u>(6)</u>	<u>(8)</u>
Other Comprehensive Income (Schedule 3).....	-	(12)	(77)
Net assets acquired on amalgamation (Schedule 3).....	-	-	8
(Increase) in Net Debt.....	(1,479)	(1,343)	(1,988)
Net Debt, beginning of year, as restated (Note 9).....	<u>(14,511)</u>	<u>(14,550)</u>	<u>(12,562)</u>
Net Debt, end of year.....	<u>(15,990)</u>	<u>(15,893)</u>	<u>(14,550)</u>

The accompanying notes and schedules are an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2013

	(\$ millions)	
	2013	2012
Cash and cash equivalents provided by (used in)		
Operating Activities		
Net loss for the year.....	(580)	(1,001)
Changes in non-cash items:		
Temporary investments.....	14	140
Amounts receivable.....	(45)	(426)
Valuation allowance.....	36	93
Inventories.....	(5)	(13)
Prepays.....	(10)	1
Accounts payable, accrued charges, provisions and deferrals.....	(74)	352
Pension liability.....	194	(97)
Amortization of foreign currency fluctuation.....	5	6
Amortization of debt discount.....	1	(16)
Unamortized losses on derivative contracts.....	53	52
Loss on disposal of tangible capital assets.....	17	55
Amortization of tangible capital assets.....	511	476
	<u>117</u>	<u>(378)</u>
Other Comprehensive Income (Schedule 3).....	(12)	(77)
Net assets acquired on amalgamation (Schedule 3).....	-	8
Changes in equity in government business enterprises.....	(149)	(47)
Cash provided by (used in) operating activities	<u>(44)</u>	<u>(494)</u>
Capital Activities		
Acquisition of tangible capital assets.....	(1,273)	(1,441)
Cash used in capital activities	<u>(1,273)</u>	<u>(1,441)</u>
Investing Activities		
Investments purchased.....	(1,837)	(1,543)
Investments sold or matured.....	1,369	838
Cash used in investing activities	<u>(468)</u>	<u>(705)</u>
Financing Activities		
Debt issued.....	4,060	5,424
Debt redeemed.....	(2,318)	(2,457)
Cash provided by financing activities	<u>1,742</u>	<u>2,967</u>
Increase (Decrease) in cash and cash equivalents	(43)	327
Cash and cash equivalents, beginning of year.....	1,374	1,047
Cash and cash equivalents, end of year.....	<u>1,331</u>	<u>1,374</u>
Supplementary information:		
Interest received.....	245	252
Interest paid.....	770	786

The accompanying notes and schedules are an integral part of these financial statements.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS
For the Year Ended March 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

A. General Basis of Accounting

The summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB).

B. The Government Reporting Entity

Various funds, Crown organizations (Crowns) and government business enterprises (GBEs) comprising the Government Reporting Entity (GRE) are listed in Schedule 8 to the summary financial statements.

To be considered a part of the GRE, an organization must be controlled by the Government. Control, as defined by PSAB, is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the Government from the other organization's activities.

C. Basis of Consolidation

Crowns are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the GRE as outlined in note 1D of the significant accounting policies. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax. Where the fiscal year-end dates of Crowns are not the same as that of the GRE, and their transactions significantly affect the financial statements, their financial results are updated to March 31.

GBEs, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the GRE. They are reported in these summary financial statements using the modified equity method of accounting. Under the modified equity method, the original investment of the Government, in GBEs, is initially recorded at cost and adjusted annually to include the net income or losses and other net equity changes of these enterprises, without adjusting their accounting policies to a basis consistent with that of the GRE.

The financial results of GBEs are not updated to March 31, where their fiscal year end is not the same as that of the GRE, except when transactions which, would significantly affect the summary financial statements, occur during the intervening period. Inter-entity accounts and transactions with GBEs are not eliminated. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 3 to the Summary financial statements.

The Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board has announced that effective January 1, 2011 Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. For those entities currently reporting their operations under rate regulated accounting, that are now required to adopt IFRS as their basis of reporting, the CICA has allowed an extension to January 1, 2015 for the adoption of IFRS. Manitoba Hydro-Electric Board has opted to exercise this extension. GBEs are required to adopt IFRS for their financial reporting. IFRS standards are not required to be adopted by senior governments and will not be adopted for the summary financial statements.

D. Basis of Specific Accounting Policies

(i) Gross Accounting Concept

Revenues and expenses are recorded as gross amounts with the following exceptions:

- (1) Refunds of revenue are treated as reductions of current year revenue.

- (2) Decreases in valuation allowances are treated as reductions to expense.
- (3) Where there is sufficient evidence that the borrowings undertaken by the Government are specifically on behalf of a GBE, the recoveries of the debt servicing costs on self-sustaining debt of GBEs are recorded as a reduction of debt servicing expense.

(ii) Revenue

(1) Government transfers

Transfer payments from the Government of Canada include all accruals determined for current year entitlements that have been authorized by March 31, for which any eligibility criteria have been met and that can be reasonably estimated.

(2) Individual and corporation income tax

Revenues from individual and corporation income tax are accrued in the year earned based upon estimates made by the Government of Canada using statistical models. Tax revenues are recorded at estimated amounts after considering adjustments for tax concessions and other adjustments from the Government of Canada.

(3) Other revenue

All other revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

(iii) Expenses

(1) Accrual accounting

All expenses incurred for goods or services received are recorded on an accrual basis.

Expenses include provisional amounts recorded in anticipation of costs, which are quantifiable and have been identified as obligations.

(2) Government transfers

Government transfers are recognized as expenses in the period in which the transfer is authorized and any eligibility criteria are met and the amounts can be reasonably estimated.

(iv) Financial Assets

(1) Loans and advances

Loans and advances are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans. Valuation allowances are made when collection is considered doubtful. Premiums that may arise from the early repayment of loans or advances are reflected as deferred revenue and are amortized monthly to debt servicing expense over the term of the loan or advance.

(2) Investments

Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward foreign exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign currency fluctuation between year ends are amortized monthly over the remaining life of the investment and are included with debt servicing expense. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in a foreign currency are translated at the exchange rate in effect on the transaction date. Gains and losses on terminated

derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(3) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

(v) Liabilities

Liabilities are present obligations to outside parties and GBEs as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

(1) Borrowings

All borrowings are expressed in Canadian dollars and are shown net of unamortized debt issue costs and debt of the Government held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31, adjusted for any forward foreign exchange contract entered into for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized monthly to debt servicing expense over the term of the debt.

The year end translation adjustments, reflecting the foreign currency fluctuation from the value at the issue date, are recorded through the unamortized foreign currency fluctuation account and amortized monthly to debt servicing expense over the remaining term of the debt. The unamortized portion of foreign currency fluctuation also reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call. These gains or losses are amortized over the original remaining term of the debt or over the term of the replacement issue, whichever is shorter.

Premiums on interest rate options are amortized monthly over the period of the applicable agreement. If the option is exercised, the premium will continue to be amortized to the maturity date of the agreement. If the option is not exercised, any unamortized premium will be immediately taken into revenue or expense. Gains and losses on terminated derivative contracts are deferred and amortized on a straight-line basis over the remaining term of the contract.

(2) Pension liability

The Government accounts for employee pension plans by recognizing a liability and an expense in the reporting period in which the employee has provided service using the accrued benefit actuarial cost method, except as disclosed in Note 5. The value of plan assets is determined using a moving average fair value method. Under this method, fair value is the underlying basis, with any excess (or shortfall) of investment returns over (or below) the expected long-term rate being amortized over a five year period. When actual experience varies from actuarial estimates, for both the accrued benefit obligation and plan assets, the difference is amortized over the expected average remaining service life of the related employee group. Past service costs from plan amendments are recognized in full as expenses in the year of the amendment.

(3) Other future employee benefit obligations

The Government recognizes the cost of accumulating benefits in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when the event that obligates the Government to pay benefits occurs.

The amount of the liabilities for severance, the Long Term Disability Income Plan and workers compensation claims are based upon actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations because actual experience is different from that expected and/or because of changes in the actuarial assumptions used. The resulting actuarial gains or losses for the severance liability are amortized over the expected average remaining service life of the related employee group. Actuarial gains and losses for the Long Term Disability Income Plan and the workers compensation claims are recognized

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as they arise.

The Government accrues a liability for vacation pay and accumulating, non-vesting sick pay benefits. The liability for accumulating, non-vesting sick pay benefits is based upon a review of past experience to extrapolate a liability based upon expected future utilization of currently accumulated benefits.

(4) Guarantees

Guarantees by the Government are made through specific agreements or legislation to repay promissory notes, bank loans, lines of credit, mortgages and other securities. Provision for losses on these guarantees are recorded when it is likely that a loss will occur. The amount of the loss provision represents the Government's best estimate of future payments less recoveries.

(5) Environmental liabilities

An environmental liability for contaminated sites is recorded when contamination is identified, and when the Government is obligated, or likely to become obligated, to incur remediation costs due to reasons of public health and safety, contractual arrangements, or compliance with environmental standards which are set out in any act or regulation (federal, provincial, municipal) recognized by the Government. The liability is based upon remediation costs determined on a site-by-site basis, measured as incremental direct costs, reduced by estimated recoveries from third parties, and discounted, where possible, to reflect the time value of money.

PSAB has issued a new standard with respect to the recognition and measurement of liabilities related to contaminated sites, effective for year ends commencing on April 1, 2014. The impact of changes between this new standard and the Government's current policy has not been reflected in these financial statements.

(vi) Non-Financial Assets

(1) Recognition and measurement

In the public sector, recognition and measurement of tangible capital and other non-financial assets are based on their future service potential. Generally, such assets do not generate future net cash inflows. Therefore, these assets will not provide resources to discharge the liabilities of the Government. For non-financial assets, the future economic benefit consists of their capacity to render service to fulfill the Government's objectives.

(2) Inventories

Inventories held for resale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date. Inventories held for use are classified as non-financial assets.

(3) Prepaid expenses

Prepaid expenses are payments for goods or services which will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the year the goods or services are used or consumed.

(4) Tangible capital assets

The cost of tangible capital assets purchased includes the purchase price as well as costs such as installation costs, design and engineering fees, survey and site preparation costs and other costs incurred to put the asset into service. The cost of tangible capital assets constructed by the Government includes all direct construction costs such as materials, labour, design, installation, engineering, architectural fees, and survey and site preparation costs, as well as overhead costs directly attributable to the construction activity such as licenses, inspection fees, indirect labour costs, and amortization expense of any equipment which was used in the construction project. Any carrying costs associated with the development and construction of tangible capital assets is included for projects whose cost exceeds \$20 million.

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Certain assets, which have historical or cultural value, including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made.

Intangible assets and items inherited by right of the Crown, such as Crown lands, forests, water and other mineral resources are not recognized in the Government's financial statements.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Assets:

Land	Indefinite
Buildings and Leasehold Improvements	
Buildings	10 to 60 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 to 10 years
Aircraft and vessels	5 to 24 years
Machinery, equipment and furniture	3 to 20 years
Maintenance and road construction equipment	15 years
Computer hardware, software licences	4 to 15 years

Infrastructure Assets:

Land	Indefinite
Land Improvements	30 years
Transportation	
Bridges and Structures	40 to 75 years
Provincial Highways, Roads and Airstrips	10 to 40 years
Dams and Water Management Structures	40 to 100 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

(vii) Changes in Accounting Policy

In 2012/13, the Province retroactively adopted PSAB accounting standard PS3510 on Tax Revenue. Under the standard, which was effective April 1, 2012, tax concessions are netted against tax revenue and tax transfers are recognized as an expense. As a result of the adoption of this standard overall, tax revenues were decreased by \$165 million (2012 - \$167 million) with a corresponding reduction in expenses. There was no impact to the provincial results, net debt or accumulated deficits for either year.

PSAB accounting standard PS3410 – Government Transfers also became effective on April 1, 2012, however there was no impact to the summary financial statements as the Province was already following policies consistent with PS3410.

(viii) Classification by Sector

The Province reports operational results under the following sectors; health and healthy living, education, family services, community economic and resource development, justice and other expenditures and general government. The entities and departments included in each sector are identified in Schedule 8 to the summary financial statements.

The health and healthy living sector includes provincial health care programs and includes all health related entities and services.

The education sector includes all education services including elementary, secondary and post-secondary services, including the pension related expenses associated with this sector.

The family services sector includes all social services related to employment and income support for individuals in need as well as a comprehensive range of social services and financial assistance programs provided to Manitobans throughout the Province.

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The community economic and resource development sector includes the promotion and development of the Province's natural resources including the support of industries within this sector. It also includes the operation and maintenance of transportation systems including highway infrastructure and other Government infrastructure. The sector also contains the management and administration of housing policies and benefits for low to moderate income renters and homeowners.

The justice and other expenditures sector include general administration, finance, executive and legislature, cultural and sport related activities. The sector contains criminal and civil legal services and programs that protect the rights of Manitobans. Also included in the sector, are all general government pension related expenses.

The general government sector is comprised of those activities that cannot be allocated to the specific sectors noted above.

Inter-segment transfers between sectors are measured at the exchange amount.

E. Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of individual and corporate income taxes, Canada Health Transfer and Canada Social Transfer entitlements, accruals for pension obligations, accruals for environmental obligations, allowances for doubtful loans, accruals for liabilities valued through actuarial valuations, such as long term disability, severance, sick pay obligations and workers compensation claims and advances and provision for losses on guarantees.

The nature of the uncertainty related to the accrual of health and social transfer payments from the Government of Canada and individual and corporate income taxes arises because of the possible differences between the estimates for the economic factors used in calculating the accruals and actual economic results. The uncertainty related to accruals for pension obligations arises because actual results may differ significantly from the Government's best estimates of expected results based on variables such as earnings on the pension investments, salary increases and the life expectancy of claimants. The uncertainty related to the accrual of environmental obligations is based upon the identification of all sites where environmental damages have occurred that are the Government's responsibility to mitigate and the quantification of what the actual liability will be based upon impact studies. Uncertainty concerning the allowance for doubtful loans and advances is based upon actual collectability and changes in economic conditions.

While management's best estimates have been used for reporting items subject to measurement uncertainty, it is possible that changes in future conditions in the near term could require a material change in the valuation of the reported amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

2. TEMPORARY INVESTMENTS

	(\$ millions)	
	2013	2012
Temporary investments	191	205

Temporary investments are recorded at cost, which approximates market value. Temporary investments consist of investments with financial institutions, government bonds and other short term investment vehicles. All of the securities have terms to maturity of less than one year.

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3. PORTFOLIO INVESTMENTS

	(\$ millions)	
	2013	2012
Sinking funds	1,591	1,736
Other investments	842	985
Unamortized termination losses on derivative contracts	33	39
	<u>2,466</u>	<u>2,760</u>

Portfolio investments are recorded using the cost method. Under this method, any discount or premium arising on the purchase of a fixed term security is amortized over the period to maturity. Portfolio investments are written down to market value only in those circumstances where the loss in value is other than temporary in nature. As at March 31, 2013, the market value of portfolio investments was \$2,433 million (2012 - \$2,726 million). Portfolio investments earned \$75 million during the year (2012 - \$81 million).

Sinking Funds

Section 60 of *The Financial Administration Act* authorizes the Minister of Finance to provide for the creation and management of sinking funds for the orderly retirement of debt. The Government's sinking fund currently provides for the repurchase of foreign debt and the pre-funding of maturing debt issues. The sinking fund is invested principally in securities issued or guaranteed by federal and provincial governments. Sinking funds are invested in fixed income securities as follows:

	(\$ millions)		
	2013		2012
	Book Value	Fair Value	Book Value
Government of Canada, direct and guaranteed	164	166	220
Provincial, direct and guaranteed	1,263	1,237	1,323
Municipal	136	138	165
Corporate	28	25	28
	<u>1,591</u>	<u>1,566</u>	<u>1,736</u>
			<u>1,721</u>

Investment revenue earned on sinking funds during the year was \$61 million (2012 - \$67 million). The sinking funds are allocated as follows:

	(\$ millions)		
	2013		2012
Sinking funds	1,672		1,859
Less: Uninvested portion of sinking funds held in cash and cash equivalents	(81)		(123)
Total sinking funds held in portfolio investments	<u>1,591</u>		<u>1,736</u>

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Other Investments

	(\$ millions)	2013	2012
Guaranteed investment certificates		60	85
Bonds – Government of Canada, provincial and municipal		223	330
Bonds – Corporate		426	432
Equity Investments		112	118
Investments in real estate		21	20
		<u>842</u>	<u>985</u>

As at March 31, 2013, the market value of other investments was \$867 million (2012 - \$1,005 million). Other investments earned \$14 million during the year (2012 - \$14 million).

4. EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

The GBEs that are included in the summary financial statements are listed in Schedule 8 and are classified as follows:

Category	Definition
Utility	An enterprise which provides public utility services for a fee.
Insurance	An enterprise which provides insurance coverage services to the public for a fee.
Finance	Enterprises which provide regulatory control and are revenue generating or enterprises which use economy of scale to deliver goods and services to the public.

The operating results and financial position of each GBE category are reported in Schedule 3 to the summary financial statements.

Included in the equity in GBEs are equities, which are restricted for use by provincial legislation and thereby not available to discharge Government liabilities or to finance other Government programs. The equity in GBEs is comprised of:

	(\$ millions)	2013	2012
Restricted Equity in Government Business Enterprises:			
Deposit Guarantee Corporation of Manitoba	208	190	
Manitoba Hydro-Electric Board	2,841	2,777	
Manitoba Public Insurance Corporation	420	422	
Workers Compensation Board	282	213	
	<u>3,751</u>	<u>3,602</u>	
Unrestricted Equity in Government Business Enterprises:			
Manitoba Lotteries Corporation	5	5	
Manitoba Public Insurance Corporation	10	10	
	<u>15</u>	<u>15</u>	
Equity in Government Business Enterprises	3,766	3,617	

5. PENSION PLANS

The Government participates in various pension plans. The two primary plans, in which the Government directly participates, are the Civil Service Superannuation Plan, and the Teachers' Pension Plan. As per the Acts that administer these plans, the Government is responsible for 50% of pension benefits earned by employees. These Plans are joint trustee plans. The Government's pension liability reflects its share of the actuarial present values of pension benefits attributed to services rendered by employees and former employees, net of any plan assets which are set aside by the Government in an irrevocable trust. As of March 31, 2013, the pension liability for the Civil Service Superannuation Plan was \$670 million (2012 - \$613 million) and the pension liability for the Teachers' Pension Plan was \$1,131 million (2012 - \$1,009 million).

Other pension plans in which the Government participates include the Members of the Legislative Assembly Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan and the Winnipeg Child and Family Services Employee Benefits Retirement Plan. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

The Government also includes several other pension plans in its pension liability. These other plans include post-secondary education pension plans and public school divisions' pension plans. Post-secondary education pension plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan. Public school divisions' pension plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division. The Government is responsible for any excess of accrued pension benefits over pension fund assets for these plans.

Employees in the health sector are members of the Health Care Employees Pension Plan, a multi-employer defined benefit pension plan established between employees and participating boards. Because the Government does not sponsor this plan, the accrued benefit liability of this plan is not recognized in these financial statements. The annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. During the year, the Government expensed contributions to this plan of \$132 million (2012 - \$129 million). At December 31, 2012 the Plan had a deficiency of net assets available for benefits over pension obligations of \$307 million. The Plan is addressing this deficiency through increased employer and employee contributions and exercising due diligence in evaluating investment and other management decisions.

As at March 31, 2013, the total pension liability being reflected in the summary financial statements was \$1,828 million (2012 - \$1,634 million). Details related to the pension liability are provided in Schedule 6 to the Summary financial statements. The following provides general information on the contributions and benefit formulae of the various pension plans, which are included in this schedule.

A. Civil Service Superannuation Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government through the Civil Service Superannuation Fund (CSSF).

The lifetime pension calculation equals 2% of a member's best five-year average yearly pensionable earnings multiplied by pensionable service, minus 0.4% of the average Canada Pension Plan (CPP) earnings multiplied by pensionable service since January 1, 1966.

The CSSA requires employees to contribute 6.5% of pensionable earnings up to the CPP maximum pensionable earnings, and 7.5% on pensionable earnings above the maximum. Commencing on July 1, 2012 employee contributions increased by .5% per year and will continue increasing by .5% until the 2015 calendar year. At that time employees will be required to contribute 8.0% of pensionable earnings up to the CPP maximum pensionable earnings, and 9.0% on pensionable earnings above the maximum. 89.8% of employee contributions are used to fund basic benefits and 10.2% of employee contributions are allocated to funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Civil Service Superannuation Plan are reported in the December 31, 2012 audited financial statements of CSSF. At December 31, 2012, after accounting for Provincial pension assets held in trust and trust assets held in trust for government business enterprises, CSSF had an estimated accrued net obligation of \$1,249 million (2011 - \$1,471 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value. This valuation also includes estimated net obligations related to GBE's, which are included in the summary financial statements on a modified equity basis, and other entities that are not part of the GRE.

B. Teachers' Pension Plan

The Teachers' Pensions Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

The lifetime pension calculation is generally based upon 2% of a member's average salary of the best five of the final 12 years of service (best seven prior to July 1, 1980) multiplied by pensionable service, minus the years of service multiplied by 0.6% of the annual salary up to the yearly maximum pensionable earnings. The pension amount is subject to a maximum of 70% of the average annual salary used above.

The TPA requires that teachers contribute 7.3% of pensionable earnings up to the CPP maximum earnings, and 8.9% of pensionable earnings above the maximum. Commencing September 1, 2012 teacher contributions increased .5% per year and will continue increasing at .5% per year until September 1, 2015. At that time the TPA will require teachers to contribute 8.8% of pensionable earnings up to the CPP maximum pensionable earnings and 10.4% of pensionable earnings above the maximum. 83.3% of teacher's contributions are used to fund basic benefits and 16.7% of teachers contributions are allocated for funding indexing benefits. The Government funds 50% of the monthly pension retirement benefits paid to retirees.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in Teachers' Retirement Allowances Fund can finance one half of the cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the Consumer Price Index for Canada.

As a joint trustee plan, Schedule 6 only reports the Province's conditional share of the net obligation. The estimated financial position of both the employee and employer components of the Teachers' Pension Plan are reported in the December 31, 2012 audited financial statements of Teachers' Retirement Allowances Fund (Fund). At December 31, 2012, after accounting for provincial pension assets held in trust, the Fund had an estimated accrued net obligation of \$1,547 million (2011 - \$1,457 million). This valuation is not on the same basis of reporting as the summary financial statements and does not include adjustments for unamortized actuarial gains or losses nor the impact of valuing assets on a market related value basis as opposed to market value.

C. Other Government Plans

(i) Members of the Legislative Assembly Plan

The pension plan for Members of the Legislative Assembly (MLAs) is established and governed by *The Legislative Assembly Act (LAA)*.

For MLAs elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service to April 1995. The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served; if less than five, multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases.

For those MLA's elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. Under the matching contributions provisions, MLAs may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The Government matches the member's contributions on a current basis; consequently, there is no liability for past service

benefits under this component of the plan. In the event that a member withdraws money from the RRSP, while an active member of the Legislative Assembly, the Government's contribution would be refundable back to the Government.

(ii) Legislative Assembly Pension Plan

The Members' Retirement Benefits Regulation of *The Legislative Assembly Act* established a defined benefit plan, effective April 1, 2004 that provides pension benefits to eligible MLAs who elect to participate in the plan.

The pension benefits accumulate up to a maximum period of 35 years at 2% per year of pensionable service based upon the average of the best five-year annual salaries, reduced by an amount equal to 0.25% times the number of months before the member's 60th birthday that the first pension payment is made. These entitlements are indexed to 2/3 of cost of living increases.

Active members must contribute 7% of their earned salary to the plan. The Government makes contributions as necessary to ensure the pension fund has sufficient assets to cover the monthly pension payments to retirees as well as ensuring there are sufficient funds to cover any of the plans liabilities. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

(iii) Judges' Supplemental Pension Plan

Manitoba Provincial Court Judges and Masters are members of the Civil Service Superannuation Plan; however, they also receive enhanced pension benefits under the Manitoba Provincial Court Judges and Masters' Supplemental Pension Plan. These supplemental pension benefits for judges are the difference between the total pension benefits for judges, including the amendments introduced by Judicial Compensation Committees, and the formula pension available under *The Civil Service Superannuation Act* (CSSA) as described above in Note 5A.

The supplemental pension is generally based upon an accrual rate of 3% for each year of service, as a judge, up to a maximum of 23.5 years, reduced by the pension provided under the CSSA. The combined total of the Judges' Supplemental Pension and Civil Service Superannuation Pension is subject to a maximum of 70% of earnings. These enhanced benefits are entirely funded by the Government.

(iv) Winnipeg Child and Family Services Employee Benefits Retirement Plan

Established effective December 29, 2003, the Winnipeg Child and Family Services Employee Benefits Retirement Plan (WCFSP) applies to employees of the former Winnipeg Child and Family Services Agency, who transferred to the Department of Family Services and Labour.

The lifetime pension calculation equals 2% of the member's highest average pensionable earnings in any three non-overlapping periods of 12 consecutive months, less 0.6% of the average CPP earnings for the same period multiplied by years of pensionable service. Indexing payments are subject to approval by the Trustees, subject to increases in the Consumer Price Index.

Members are required to contribute 4.5% of pensionable earnings up to the CPP maximum and 6% on pensionable earnings over the maximum. Any surplus of plan assets over the pension obligation can be used by the Government to reduce future contributions.

D. Other Pension Plans

(a) Post-Secondary

(i) University of Manitoba Pension Plan

The University of Manitoba administers The University of Manitoba Pension Plan (1970), The University of Manitoba Pension Plan (1993), and The University of Manitoba GFT Pension Plan (1986). These are trustee pension plans. The Trustees are responsible for the custody of the plans' assets and issuance of annual financial statements. The December 2009 funding valuation indicated that the University of Manitoba Pension Plan (1993) was in a funding deficiency position which the

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University is funding over fifteen years at an annual additional payment of \$4 million. In addition the Plan was amended effective January 1, 2011 to provide for increases in employee and employer contributions of .5% effective January 1, 2011, .5% effective January 1, 2012 and 1.0% effective January 1, 2013.

University of Manitoba Pension Plan (1993) is a money purchase plan with a defined benefit minimum. The funding for the plan requires a matching contribution from the University and the employees. The plan is not indexed. Retirement benefit is calculated by using the greater of the two methods: Formula and Plan Annuity. For each year of pensionable service, Formula benefit equals 2.0% of the average best five year salary, less 0.7% of the average best five year salary under the yearly maximum pensionable earnings in the year of retirement, to a maximum of 1/9 of the Pension Plans money purchase limit. The benefit is reduced by 1/12 for each month between the actual pension commencement date and the age of 65. Plan Annuity benefit is based on contribution account balance, age of the retirement, and the annuity factor determined by the plan actuary.

The University of Manitoba Pension Plan (1970) operates as a defined contribution or money purchase arrangement for service since 2003. Certain members retain an entitlement to a hybrid formula for the service prior to 2003, similar to the 1993 Plan.

The University of Manitoba GFT Pension Plan (1986) is a defined contribution pension plan; therefore there is no requirement for an actuarial valuation of this plan.

(ii) University of Winnipeg Pension Plan

The University of Winnipeg administers the University of Winnipeg Pension Plan (UWPP), which is comprised of a defined benefit segment and a defined contribution segment. The assets of the Plan are held in trust by independent custodians.

The UWPP was established as a contributory defined benefit pension plan at September 1, 1972 and covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. The funding for the plan requires a matching contribution from the University and the employees. Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service. At December 2010 the Plan had a going-concern deficiency of \$25 million which the University is addressing by making annual deficiency payments of \$3 million until the deficiency is eliminated.

Since December 31, 2000, when the defined contribution segment of the Plan was introduced, approximately one-quarter of the eligible members converted to that plan. The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

(iii) Brandon University Retirement Plan

Brandon University administers the Brandon University Retirement Plan, which is a trustee pension plan. The Trustees are responsible for the custody of the Plan's assets and issuance of annual financial statements.

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The funding for the plan requires a matching contribution from the University and the employees.

Annual pension equals 2.0% of the final five year average earnings multiplied by the years of pensionable service, less 0.6% of CPP average earnings for each year of pensionable service. The pension benefit is subject to a plan benefit maximum limit of \$1,722.22 per year of pensionable service for members retired on or before April 1, 2009, and \$1,975.00 for those retiring after that date.

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(b) **Public School Divisions**

(i) The Winnipeg School Division Pension Fund for Employees Other Than Teachers

The Winnipeg School Division Pension Fund for Employees Other Than Teachers is a defined benefit pension plan for employees that meet specified employment conditions. The fund was created by By-law 196 of the Winnipeg School Division (replaced by By-law 1017 on January 1, 1992) and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.6% of a member's average pensionable salary and 2.0% of a member's average salary over the pensionable salary, multiplied by a member's years of pensionable service. The average salary is determined by averaging the best five years of employment salary in the last twelve years of service.

Employee contributions equal 6.5% of pensionable salary and 7.8% of the earnings in excess of pensionable salary up to the yearly maximum pensionable earnings, effective January 1, 2008. The percentages changed to 7.0% and 8.2% respectively, effective January 1, 2009. The Winnipeg School Division matches employee contributions and pays an additional 27.4% of employee contributions less the amount needed to finance the Disability Income Plan benefits (approximately 10%). As a result, employer contributions equal approximately 117.4% of employee contributions.

(ii) Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division

The St. James-Assiniboia School Division Retirement Plan for Non-teaching Employees is a defined benefit pension plan that was established on January 1, 1978 and is subject to the applicable regulations.

The pension calculation is based on an amount equal to 1.4% of a member's average employment earnings below CPP earnings and 2.0% of a member's employment earnings in excess of the CPP earnings, multiplied by a member's years of contributory service. The average employment earnings are determined by averaging the best six years of employment earnings in the last 12 years of service.

Employee contributions equal 5.7% of CPP earnings and 7.3% of the employment earnings in excess of CPP earnings. The St. James-Assiniboia School Division matches employee contributions.

(iii) Retirement Plan for Employees of Frontier School Division

The Frontier School Division Retirement Plan is a defined benefit pension plan for non-teaching employees.

The pension benefit is based on an amount equal to 2.0% of a member's best average earnings, multiplied by a member's years of credited service. The average employment earnings are determined by averaging the best five years of employment earnings in the last ten years of service.

Employee contributions equal 6.0% of CPP earnings, with the Frontier School Division matching employee contributions. The Frontier School Division is responsible for the balance of the pension cost, of which a portion can be financed by an allocation from pension surplus.

E. Government Business Enterprises

Manitoba Hydro-Electric Board, Manitoba Liquor Control Commission, Manitoba Public Insurance Corporation and Manitoba Lotteries Corporation are members of the CSSF. The net pension liabilities for these GBEs are disclosed in Schedule 3.

6. CONTINGENCIES

A. Contingent Liabilities

i) Legal Actions

The Government has been named in various legal actions. No provision has been made at March 31, 2013 in the accounts where the final results are uncertain.

ii) Northern Development Projects

The Government is contingently liable for legal claims associated with past Manitoba Hydro-Electric Board (Hydro) related northern development projects. The outcome of these claims is not determinable at this time.

Hydro is party to an agreement dated December 16, 1977, with Canada, the Province of Manitoba and the Northern Flood Committee Inc., representing the five First Nations in the communities of Cross Lake, Nelson House, Norway House, Split Lake and York Landing. This agreement, in part, provides for compensation and remedial measures necessary to ameliorate the impacts of the Churchill River diversion and the Lake Winnipeg Regulation projects.

In recognition of all anticipated payments, Hydro has recorded a total liability of \$235 million (2012 - \$251 million). Reassessments of these liabilities will be made as settlements are achieved. There are other mitigation issues, the outcomes of which are not determinable at this time.

iii) Canadian Blood Services

The majority of provincial and territorial governments of Canada, including Manitoba, are members of, and provide funding to, Canadian Blood Services, which operates the Canadian blood system. The March 31, 2013 audited financial statements of Canadian Blood Services indicate that a wholly owned subsidiary, CBS Insurance Company Limited, provides for the contingent liabilities for risks related to operations of the blood system. The actuarially determined provisions for future insurance claims, reported and unreported, related to insured events that occurred prior to March 31, 2013 is \$250 million (2012 - \$250 million). The related assets as at March 31, 2013 total \$354 million (2012 - \$335 million). The subsidiary also had a re-insurance contract for additional coverage of \$750 million.

Based upon the above, the Government's share of the provision for future claims as at March 31, 2013 is offset with designated assets, which at that point exceed the provision. In addition, there is re-insurance to cover an additional \$750 million in claims of insured events occurring on or before March 31, 2013. The Government is not aware of any proceedings that could lead to a claim against it given the existing arrangement in place.

iv) Treaty Land Entitlement Obligations

To meet the Government's obligation under treaty land entitlement agreements, approximately 688,137 acres of provincial Crown lands have been made available or transferred to the Government of Canada for First Nations. The Government's obligations under the treaty land entitlement agreements require the setting aside of 1,426,454 acres off Crown lands and Other Lands (Acquisition). To date, approximately 987,659 acres of Crown lands have been selected by the Entitlement First Nations. The Crown lands will be transferred according to the Natural Resources Transfer Agreement, and the transfer will include mines and minerals and other interests normally reserved for the Government, under The Crown Land Act or any other statute.

v) Credit Union Guarantees

The Deposit Guarantee Corporation of Manitoba has guaranteed \$20.8 billion (2012 - \$18.8 billion) in credit union deposits at the end of their current fiscal year. Based upon ongoing monitoring procedures, the Corporation has concluded that a provision for such contingencies does not need to be established at this time.

vi) Environmental Issues

The Manitoba Hydro-Electric Board will incur future costs associated with the assessment and remediation

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of contaminated lands and for the phase-out and destruction of polychlorinated biphenyl contaminated mineral oil from electrical equipment. A reasonable estimate of the associated costs cannot be made at this time.

B. Loan Guarantees

The Government has guaranteed the repayment of debt, promissory notes, bank loans, lines of credit, mortgages and securities held by others. Debt guaranteed by the Government is guaranteed, as to principal and interest, until the debt is matured or redeemed. The authorized limits and the outstanding guarantees are summarized as follows:

	Authorized Limit	(\$ millions)	
		2013	2012
Manitoba Business Start Program	5	3	4
Manitoba Agricultural Services Corporation (Note 6B.a)	-	80	82
Manitoba Student Aid Program (Note 6B.b)	20	-	1
Manitoba Housing and Renewal Corporation (Note 6B.c)	20	10	14
		<hr/> 93	<hr/> 101
Manitoba Grow Bonds		3	3
Total guarantees outstanding		<hr/> 96	<hr/> 104

A provision for future losses on guarantees in the amount of \$20 million (2012 - \$19 million) has been recorded in the accounts. The provisions for losses on guaranteed loans are determined by a review of individual guarantees. The provision represents the best estimate of probable claims against the guarantees. Where circumstances indicate the likelihood of claims arising, provisions are established for those loan guarantees.

Manitoba HydroBonds Guarantees

Outstanding Manitoba HydroBonds as at March 31, 2013 totalled \$237 million (2012 - \$330 million). These bonds carry fixed and variable coupon rates that range from 1.75% to 10.00%. Manitoba HydroBonds are redeemable at the option of the holder. The Government guarantees \$163 million (2012 - \$254 million) of these outstanding bond

Note 6B.a) Manitoba Agricultural Services Corporation

The Manitoba Agricultural Services Corporation has guaranteed loans under the following programs:

<u>Program</u>	<u>General Terms and Conditions</u>
Operating Credit Guarantee	Each participating lending institution is guaranteed 25% of the respective value of loans made under this program.
Manitoba Livestock Associations Loan Guarantees	Each association is guaranteed 25% of the loan to a maximum guarantee of \$5 million.
Diversification Loan Guarantee Program	Each participating lender is guaranteed 25% of the loan made for the diversification or farm value-added activities, to a maximum individual guaranteed loan allowable of \$3 million.
Enhanced Diversification Loan Guarantee Program	Guarantees are based on 25% of the original principal amount of each individual loan, with no maximum loan amount.
Rural Entrepreneur Assistance (REA) Program	Each participating lender is guaranteed up to 80% of the loan made to small rural non-agricultural business to a maximum guarantee of \$0.2 million.

Note 6B.b) Manitoba Student Aid Program

The Government guarantees three types of student loans, issued in the past 19 years, as follows:

<u>Loan type</u>	<u>Nature of loan</u>
Guaranteed loans	Issued by the Canadian Imperial Bank of Commerce (CIBC) from April 1, 1993 to December 31, 1994. These loans are fully guaranteed, if the loan is deemed to be in default.
Limited risk loans	Issued by the CIBC from January 2, 1995 to December 31, 1997 and issued by the Royal Bank from June 2, 1997 to July 31, 2000. The Government only guarantees those loans in default that have been issued to credit abusers, insolvent creditors and minors.
Non-risk loans	Issued by the Royal Bank from August 1, 2000 to July 31, 2001. The Government has agreed to guarantee and purchase any loan deemed to be in default.

Note 6B.c) Manitoba Housing and Renewal Corporation

The Government has guaranteed the repayment of mortgages and has issued letters of credit which guarantee the terms and conditions of land development agreements and construction contracts.

7. CONTRACTUAL OBLIGATIONS

The Government has entered into a number of multi-year contracts and agreements for the delivery of services and the acquisition or construction of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The following represents the amounts required to satisfy the contractual obligations, by the year that it is anticipated that the terms of the contract will be met, as at March 31:

(\$ millions)	2014	2015	2016	2017	2018	2019 and beyond	Total
Government departments, Crowns and Special Funds	467	213	196	192	192	160	1,420
Government Business Enterprises	1,654	8	7	6	6	41	1,722
Total	<u>2,121</u>	<u>221</u>	<u>203</u>	<u>198</u>	<u>198</u>	<u>201</u>	<u>3,142</u>

Manitoba Hydro Commitments

Manitoba Hydro-Electric Board (Hydro) purchased the net assets of Winnipeg Hydro from the City of Winnipeg in 2002. Winnipeg Hydro was an electric utility with 94,000 customers and annual revenues of \$125 million. The purchase consideration principally consisted of annual payments by Hydro to the City of Winnipeg of \$25 million in years 2002 to 2006, \$20 million per annum in years 2007 to 2011, and \$16 million per annum in year 2012 and each year thereafter. The net assets and related financing obligations are reflected in Hydro's financial statements.

Hydro has energy purchase commitments of \$1,592 million (2012 - \$1,651 million) that relate to future purchases of wind, natural gas (including transportation and storage contracts), coal and electricity. Commitments are primarily for wind, which expire in 2038, and natural gas purchases, which expire in 2013.

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8. DEBT SERVICING

Debt servicing costs of \$839 million (2012 - \$815 million) are net of interest recoveries from GBEs of \$517 million (2012 - \$494 million) and include \$38 million (2012 - \$42 million) representing interest expense of Crown organizations. GBEs debt servicing costs of \$496 million (2012 - \$430 million) are reported in Schedule 3.

9. ADJUSTMENTS TO ACCUMULATED DEFICIT

In the March 31, 2013 fiscal year, restatements of the March 31, 2012 accumulated deficit and net income for the year were made in compliance with the Government's accounting policies or for the correction of errors.

Correction for Accrual of Income Tax Credits

The CICA's Accounting Standards Board has announced that effective January 1, 2012 Canadian publicly accountable enterprises will adopt standards related to the recognition of certain tax credits and concessions. As a result of the review of the application of this new accounting policy it was determined that certain tax credits were not being recognized in the fiscal year to which they applied but rather were being recognized when paid. During the year a correction was made to ensure all tax credits and concessions are being recognized in the year in which the tax credit is earned. This has resulted in an increase in the opening accumulated deficit and net debt of \$39 million (2012 - \$37 million).

10. AMOUNTS DUE TO THE GOVERNMENT OF CANADA

The March 31, 2003 financial statements disclosed that the net impact of the federal settlement related to the Federal accounting error for the period of 1997 to 1999 was a \$91 million loan payable owing to the Government over a ten-year period commencing in 2004/05. As at March 31, 2013, this loan payable has been reduced to \$9 million (2012 - \$18 million).

To offset negative adjustments to the 2004 Equalization payments, the Government of Canada provided a loan payable to the Government of \$38 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2013, this loan payable had been reduced to \$11 million (2012 - \$15 million). Similarly, to offset negative adjustments to the 2004 Canada Health and Social Transfer (CHST) entitlements, the Government of Canada provided a loan payable to the Government of \$9 million repayable over a ten-year period, commencing in April 2006. As at March 31, 2013 this loan payable had been reduced to \$3 million (2012 - \$4 million). These loans are non-interest bearing.

Through the Manitoba Opportunities Fund Ltd., the Government holds and invests deposits made through the Federal Department of Citizenship and Immigration, Canada's Immigrant Investor Program. As at March 31, 2013, the Government has loans payable of \$275 million (2012 - \$299 million) to be repaid to the Government of Canada five years after receipt. The Government is charged an administrative fee for each loan.

11. AMOUNTS HELD IN TRUST

Amounts held in trust are assets over which the Manitoba Legislature has no power of appropriation. The amounts are not included in the summary financial statements because the Government has no equity in the amounts and administers them according to trust or other agreed-upon arrangements. As at March 31, 2013 amounts held in trust were as follows:

	(\$ millions)	
	2013	2012
Fiduciary Trusts	563	593
Custodial Trusts	128	111
	<hr/> <hr/> <hr/> 691	<hr/> <hr/> <hr/> 704

Fiduciary Trusts

The Government holds certain interest bearing deposits as fiduciary trusts. These deposits are pooled with the Government's investments in order to earn a market rate of interest.

Custodial Trusts

The Government holds custodial trust funds in the form of bonds and other securities.

12. RISK MANAGEMENT AND THE USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Borrowings in both Canadian and foreign financial markets result in exposure to risks, which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Government employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives).

Derivatives are financial contracts, the value of which is derived from underlying instruments. The Government uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Government does not use derivatives for speculative purposes.

Foreign exchange risk

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary due to fluctuations in foreign exchange rates.

To manage this risk, the Government uses derivative contracts, including foreign exchange forward contracts as well as swaps, to convert foreign currency principal and interest cash flows into Canadian dollar denominated cash flows. The current portfolio of foreign debt is fully hedged through the use of derivatives and U.S. dollar sinking funds, except for the impact of the unamortized foreign exchange fluctuation account of \$39 million (2012 - \$44 million). This account is fixed with no sensitivity to future foreign exchange rates.

Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. The current policy has hedged the foreign currency debt principal and interest payments through the use of derivatives in relation to general purpose debt.

Manitoba Hydro-Electric Board (Hydro) has exposure to U.S. dollar foreign exchange fluctuations primarily through the sale and purchase of electricity and fuel in the U.S. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term debt coupon and principal payments and thermal fuel purchases. For its U.S. debt retirement purposes, Hydro has a hedging relationship between U.S. dollar long-term debt balances and U.S. sinking funds. As a means to bridge temporary timing differences between inflows and outflows to future years' U.S. dollar requirements, Hydro also utilizes derivative foreign exchange forward contracts as required.

Interest rate risk

Interest rate risk is the risk that debt servicing costs will vary unfavourably according to interest rate fluctuations.

To reduce its exposure to interest rate risk, the Government uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio.

After taking into account derivatives used to manage interest rate risk, investments held as sinking funds and eliminating debt incurred on behalf of Manitoba Hydro-Electric Board, the structure of the debt as at March 31, 2013 was 88% at fixed rates and 12% at floating rates (2012 - 90% at fixed rates and 10% at floating rates). A one percent (100 basis points) movement in interest rates on the 12% floating rate debt for an entire year would increase/decrease debt servicing costs, net of recoveries, by \$24 million (2012 - \$18 million).

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Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations.

The Government manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. In addition, the Government enters into contractual agreements ("master agreements") with all of its counterparties. As at March 31, 2013 the Government has a gross credit risk exposure related to derivatives of \$47 million (2012 - \$105 million).

Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet its financial commitments over the short term.

To reduce liquidity risk, the Government maintains liquid reserves (i.e. cash and cash equivalents) at levels that will meet future cash requirements and will give the Government flexibility in the timing of issuing debt. In addition, the Government has short-term note programs, bank lines and sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years.

Derivative portfolio

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(\$ millions)			
	2013	2012	2013	2012
	Notional Value	Fair Value	Notional Value	Fair Value
Interest rate and cross currency swaps.....	<u>40,161</u>	<u>(1,272)</u>	<u>35,995</u>	<u>(1,127)</u>

Notional amounts of derivatives contracts represent the contractual amounts to which a rate or price applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts and are generally a measure of the exposure to the asset class to which the contract relates. They are not recorded as assets or liabilities on the statement of financial position. Notional amounts do not represent the potential gain or loss associated with the market risk or credit risk associated with the derivative contract.

Fair values of the swap agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap agreements using year-end market interest and exchange rates. A positive (negative) fair value indicates that the government would receive (make) a payment if the agreements were terminated.

13. SIGNIFICANT TRANSACTIONS WITH GOVERNMENT BUSINESS ENTERPRISES

Transactions with GBEs are not eliminated for purposes of summary reporting because they are reported in these summary financial statements using the modified equity method of accounting. These financial statements include the following transactions between the Government and GBEs:

A. Accounts Receivable

Amounts receivable includes receivables from GBEs as reported in Schedule 1 to the summary financial statements. Loans and advances to GBEs are reflected in Schedule 2 to the summary financial statements.

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B. Borrowings

Borrowings include \$551 million (2012 - \$508 million) owed to Manitoba Public Insurance Corporation (MPIC) relating to the capital financing of school board and health care facilities. Borrowings also include debt in the amount of \$236 million (2012 - \$233 million) and \$40 million (2012 - \$40 million) owed to MPIC and Manitoba Hydro-Electric Board respectively, related to the financing of other Government programs.

These borrowings are repayable over a term from 2013 to 2042 at varying interest rates ranging from 1.75% to 10.00%.

C. Water Power Rentals

Water power rental fees charged to the Manitoba Hydro-Electric Board (Hydro), in the amount of \$111 million (2012 - \$111 million), are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category. Water power rental rates are authorized by Regulation 25/88 and 197/2001 under *The Water Power Act*. Rentals are paid to the Government for the use of water resources in the operation of Hydro's hydroelectric generating stations.

D. Fees and Government Guarantees

The Manitoba Hydro-Electric Board (Hydro) remitted \$93 million (2012 - \$85 million) to the Government based on the Hydro debt that is guaranteed by the Government. The fees are included in the Consolidated Statement of Revenue and Expense under the sinking funds and other investment earnings category.

E. Driver Licensing Operations

The Government, by agreement, paid \$28 million (2012 - \$28 million) to Manitoba Public Insurance Corporation (MPIC) for the management and administration of driver licensing. MPIC, on behalf of the Government, collected driver licensing fees totalling \$23 million (2012 - \$23 million) and motor vehicle registration fees totalling \$151 million (2012 - \$137 million).

The fees received by the Government are included in the Consolidated Statement of Revenue and Expense under the fees and other revenue category.

F. Other Revenue

Under *The Workplace Safety and Health Act of Manitoba*, the Workers Compensation Board supports the administrative expenses incurred by the Government's Department of Labour and Immigration for the Workplace Safety and Health program and the Worker Advisor Office. The amount for the year ended March 31, 2013 was \$9 million (2012 - \$9 million).

The Manitoba Lotteries Corporation provided \$4 million in funding for the year ended March 31, 2013 (2012 - \$4 million) to the Addictions Foundation of Manitoba for problem gambling services programs.

Manitoba Hydro-Electric Board paid Corporation Capital Tax of \$57 million for the year ended March 31, 2013 (2012 - \$51 million).

These amounts received by the Government are included in the Statement of Revenue and Expense under the fees and other revenue and other taxes categories.

14. EXPENSES IN EXCESS OF LEGISLATIVE AUTHORITY

In addition to producing a summary budget as presented on the summary financial statements, Consolidated Statement of Revenue and Expense, the Government continues to provide budget estimates for the Core Government revenue and expenses. PSAB accounting standards recommend disclosure of information where a government has exceeded its revenue, borrowing, investing, expense or expenditure authority limits. The budget estimate presented on the Consolidated Statement of Revenue and Expense, exclude \$149 million in supplemental estimates and special warrants related to the Core Government. The original budget estimate amounts plus the \$149 million in supplemental estimates and special warrants becomes the revised estimates, against which expenses in excess of legislative authority are determined.

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Based upon the revised estimates, the following voted appropriations were over-expended as a result of adjustments made after March 31, 2013:

	(\$ millions)
Agriculture, Food and Rural Initiatives	
Risk Management, Credit and Income Support Programs	10
Education	
Education and School Tax Credits	4
Finance	
Net Tax Credit Payments	7
Health	
Capital Funding	2
Justice	
Civil Justice	1
Other Appropriations	
Emergency Expenditures	93

15. COMPARATIVE FIGURES

Certain 2012 financial statement figures have been reclassified to be consistent with the 2013 presentation.

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SCHEDULE 1

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF AMOUNTS RECEIVABLE
As at March 31, 2013

	(\$ millions)	
	2013	2012
TAXATION REVENUE:		
Corporation capital tax.....	6	3
Levy for health and education.....	40	37
Individual income tax.....	186	143
Insurance corporations tax.....	20	20
Motive fuel tax.....	28	23
Oil and natural gas tax.....	2	1
Retail sales tax.....	182	167
Tobacco tax.....	23	30
	<u>487</u>	<u>424</u>
GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:		
Municipal corporations.....	227	214
Government of Canada shared cost programs/agreements.....	649	592
Other.....	38	54
	<u>914</u>	<u>860</u>
INTEREST:		
Sinking fund.....	12	15
Other investments.....	3	3
	<u>15</u>	<u>18</u>
OTHER:		
Health and social services.....	146	123
Manitoba Hydro-Electric Board.....	10	9
Manitoba Liquor Control Commission.....	42	39
Manitoba Lotteries Corporation.....	21	19
Sundry departmental revenue.....	116	177
Other.....	147	184
	<u>482</u>	<u>551</u>
Less: Allowances.....	237	206
Total Amounts Receivable	<u>1,661</u>	<u>1,647</u>

SCHEDULE 2

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF LOANS AND ADVANCES
As at March 31, 2013

	(\$ millions)	
	2013	2012
GOVERNMENT BUSINESS ENTERPRISES:		
Manitoba Hydro-Electric Board.....	9,775	9,095
Manitoba Lotteries Corporation.....	241	177
	<u>10,016</u>	<u>9,272</u>
Less: Debt incurred for and repayable by the Manitoba Hydro-Electric Board.....	9,775	9,095
	<u>241</u>	<u>177</u>
OTHER:		
Loans and mortgages - Note a.....	646	618
Stadium loan - Note b.....	171	128
Manitoba student loans - Note c.....	79	65
Family services agencies - Note d.....	29	29
Other.....	<u>8</u>	<u>11</u>
	<u>933</u>	<u>851</u>
TOTAL LOANS AND ADVANCES		
Less: Valuation allowance.....	<u>78</u>	<u>73</u>
NET LOANS AND ADVANCES	<u>1,096</u>	<u>955</u>

The government business enterprises loans and advances portfolio is due in varying annual amounts to the year 2063, bearing interest at either:

- i) fixed with rates ranging from 1.85% to 10.50%; or
- ii) floating Canadian - Bankers Acceptance (BA) setting, established monthly or quarterly, with the 1 month BA rate at 1.22000 and 3 month BA rate at 1.28333 as at March 31, 2013.

Note a

Agricultural direct lending and special assistance program mortgages, due in varying annual amounts to the year 2038, bearing interest rates ranging from 3.0% to 11.25%.....	385	347
Housing direct lending and special assistance program mortgages, due in varying annual amounts to the year 2035, bearing interest rates ranging from 0.0% to 14.25%.....	128	127
Business development assistance loans, due in varying annual amounts to the year 2040, bearing interest rates ranging from 0.0% to 7.375%.....	104	118
Northern business development and fishing industry assistance loans, due in varying annual amounts to the year 2027, bearing interest rates ranging from 4.25% to 9.88%.....	29	26
	<u>646</u>	<u>618</u>

Note b - Stadium loan to BBB Stadium Inc, issued in two phases, payment due in varying annual amounts to 2038 on Phase 1 and 2058 for Phase 2, bearing interest at 4.65%

Note c - Student loans, payment and interest free until 6 months past the completion of studies, due 114 to 174 months after that time, carrying interest at prime plus 1.5%.

Note d - Advances to provide family services agencies with advances prepayment of fee for service charges, to be repaid when no longer required, bearing no interest.

SUMMARY FINANCIAL STATEMENTS
GOVERNMENT BUSINESS ENTERPRISES

SCHEDULE OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION

For the Year Ended March 31, 2013

(\$ millions)

CHANGES IN EQUITY	UTILITY	INSURANCE	FINANCE	TOTAL 2013	TOTAL 2012
Results from Operations					
Revenues from operations	2,062	1,485	1,447	4,994	4,763
Expenses:					
From operations	1,481	1,416	882	3,779	3,620
Debt servicing	489	-	7	496	430
Total expenses	1,970	1,416	889	4,275	4,050
Net income	92	69	558	719	713
Transfers to the Government	-	-	(558)	(558)	(592)
	92	69	-	161	121
Other Comprehensive Income (Loss)	(28)	16	-	(12)	(77)
Net assets acquired on amalgamation	-	-	-	-	8
Equity restatement on contributed surplus	-	-	-	-	(5)
Net increase in equity in government business enterprises	64	85	-	149	47
 FINANCIAL POSITION					
Assets:					
Cash and temporary investments	32	182	52	266	239
Amounts receivable	425	364	39	828	711
Portfolio investments - Due from Government and Government organizations	352	803	-	1,155	1,165
Due from others	-	2,744	-	2,744	2,577
Capital assets	12,168	154	336	12,658	11,845
Other assets	1,225	187	56	1,468	1,480
Total assets	14,202	4,434	483	19,119	18,017
Liabilities:					
Accounts payable, accrued liabilities and deferred revenue	1,254	704	204	2,162	2,007
Long-term debt: Owing to Government	9,775	-	241	10,016	9,272
Other borrowings, discounts and deferred transaction costs	210	4	-	214	292
Provision for future benefits: Pension obligations	122	285	26	433	409
Future cost of existing claims	-	2,521	7	2,528	2,420
Total liabilities	11,361	3,514	478	15,353	14,400
Equity in government business enterprises	2,841	920	5	3,766	3,617

For government business enterprises whose fiscal year end is prior to March 31, the amounts reflected are as at their fiscal year end.

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF BORROWINGS
As at March 31, 2013

SCHEDULE 4

Fiscal Year of Maturity	(\$ millions)						Totals 2013	2012		
	Bonds and Debentures		Canada Pension Plan Cdn	Loans and Mortgages Cdn	Promissory Notes and Treasury Bills Cdn					
	Cdn	US			2013					
2013.....							-	3,681		
2014.....	1,650	750	-	76	1,925	4,401	2,460			
2015.....	2,370	101	-	66	-	2,537	2,511			
2016.....	1,985	-	-	71	-	2,056	2,053			
2017.....	1,958	508	-	55	-	2,521	2,583			
2018.....	2,561	-	-	34	-	2,595	2,054			
2013-2018.....	<u>10,524</u>	<u>1,359</u>	<u>-</u>	<u>302</u>	<u>1,925</u>	<u>14,110</u>	<u>15,342</u>			
2019-2023.....	5,690	711	15	-	-	6,416	4,197			
2024-2033.....	2,392	-	-	257	-	2,649	2,579			
2034-2064.....	6,609	-	477	-	-	7,086	6,408			
2013-2043 Crown Organizations.....	555	-	-	256	-	811	771			
2019-2064.....	<u>15,246</u>	<u>711</u>	<u>492</u>	<u>513</u>	<u>-</u>	<u>16,962</u>	<u>13,955</u>			
Total borrowings.....	<u>25,770</u>	<u>2,070</u>	<u>492</u>	<u>815</u>	<u>1,925</u>	<u>31,072</u>	<u>29,297</u>			
Reduced by:										
Debt incurred for and repayable by The Manitoba Hydro-Electric Board.....						(9,775)	(9,095)			
Unamortized debt issue costs.....						(53)	(54)			
Unamortized foreign currency fluctuation.....						(39)	(44)			
Unamortized gains and losses on derivative contracts.....						151	98			
Province of Manitoba debt issues held as investments in sinking funds and cash and cash equivalents.....						(568)	(599)			
						<u>20,788</u>	<u>19,603</u>			

	March 31/13 Cdn \$ Valuation (See Notes)	March 31/12 Cdn \$ Valuation (See Notes)
Borrowings payable in:		
Canadian dollars	22,629	22,410
Foreign issues hedged to Canadian dollars	6,372	4,850
U.S. dollars	1,727	1,699
Foreign issues hedged to U.S. dollars	344	338
Total borrowings	<u>31,072</u>	<u>29,297</u>

Note a: The hedges are derivative contracts which include swaps and forward foreign exchange contracts.

Note b: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any forward foreign exchange contracts entered into for settlement after year-end.

Note c: Interest rates on these borrowings fall into one of three categories:

- i) Fixed with rates ranging from 1.54% to 10.68%.
- ii) Floating Canadian - Bankers Acceptance (BA) setting, established quarterly or monthly, with the lowest rate currently set at 1.03% and the highest set at 4.57% as at March 31, 2013.
- iii) Floating U.S. - U.S. Dollar London Interbank Offering Rate (LIBOR) setting, established quarterly, with the lowest rate currently set at 0.38% and the highest set at 0.57% as at March 31, 2013.

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SCHEDULE 5

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF ACCOUNTS PAYABLE,
ACCRUED CHARGES, PROVISIONS AND UNEARNED REVENUE
As at March 31, 2013

	(\$ millions)	
	2013	2012
Accounts payable.....	1,344	1,309
Accrued charges:		
Interest accrued on borrowings.....	202	198
Canadian Agricultural Income Stabilization / AgrInvest.....	60	87
Compensation for Victims of Crime.....	22	22
Disaster assistance.....	125	211
Flood claims.....	15	16
Infrastructure works program.....	5	8
Long term disability income plan.....	23	21
Environmental liabilities.....	402	467
Salaries and benefits.....	639	629
Sick pay obligations.....	69	62
Severance pay.....	387	367
Workers Compensation Board claims.....	24	25
Other.....	98	105
	2,071	2,218
Provision for future losses on guarantees (Note 6).....	20	19
Unearned Revenue:		
Deferred contributions related to future expense.....	69	42
Government of Canada - advances re: shared-cost programs not yet claimed.....	74	100
Research and special funds.....	87	113
Tuition and education fees.....	35	32
Vehicle registration.....	77	62
Other.....	85	41
	427	390
Total Accounts Payable, Accrued Charges, Provisions and Unearned Revenue	3,862	3,936

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2013

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans (Note A)	Public School Division Plans (Note A)	Other Plans (Note A)	Total 2013	(\$ millions)	Total 2012
ACCRUED BENEFIT OBLIGATION								
Obligation at beginning of year.....	2,418	3,089	1,341	392	100	7,340		7,118
Current service costs.....	87	79	51	18	4	239		203
Interest cost on benefit obligation.....	142	205	72	23	5	447		418
Change in actuarial (gains) losses and reserves.....	3	104	(41)	(1)	1	66		(5)
Plan amendment.....	-	-	-	(4)	-	(4)		(12)
Benefits paid.....	(126)	(162)	(88)	(20)	(6)	(402)		(384)
Obligation at end of year.....	2,524	3,315	1,335	408	104	7,686		7,338
PLAN ASSETS								
Plan assets at beginning of year.....	1,614	1,767	1,102	395	36	4,914		4,818
Employer contributions.....	72	81	39	9	6	207		185
Employee contributions.....	-	-	23	8	1	32		29
Transfer of plan assets.....	4	-	-	(4)	-	-		3
Plan asset contributions.....	-	-	-	-	-	-		240
Benefits paid.....	(126)	(162)	(88)	(20)	(6)	(402)		(384)
Expected return on plan assets.....	99	114	66	25	2	306		292
Experience gains (losses).....	50	35	18	(2)	2	103		(271)
Market value of plan assets.....	1,713	1,835	1,160	411	41	5,160		4,912
Deferred investment losses (gains).....	(2)	(52)	4	6	(1)	(45)		158
Market related value of plan assets.....	1,711	1,783	1,164	417	40	5,115		5,070
PENSION LIABILITY								
Plan deficit (surplus).....	813	1,532	171	(9)	64	2,571		2,268
Unamortized actuarial gains (losses).....	(143)	(401)	(181)	(23)	2	(746)		(641)
Surplus adjustments (Note B).....	-	-	-	3	-	3		7
Pension liability.....	670	1,131	(10)	(29)	66	1,828		1,634
PENSION EXPENSE								
Defined benefit pension plan expense:								
Current service cost.....	87	79	51	18	4	239		203
Interest cost on benefit obligation.....	142	205	72	24	5	448		418
Return on plan assets.....	(99)	(114)	(66)	(25)	(2)	(306)		(292)
Employee contributions.....	-	-	(23)	(8)	(1)	(32)		(29)
Amortization of actuarial (gains) losses.....	3	33	23	1	-	60		50
Plan amendment.....	-	-	-	-	-	-		(12)
Change in surplus adjustments.....	-	-	-	(4)	-	(4)		(7)
Defined benefit pension plan expense.....	133	203	57	6	6	405		331
Defined contribution pension plan expense.....	-	-	4	17	132	153		148

SCHEDULE 6
(cont'd)

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PENSION LIABILITY
As at March 31, 2013

	Civil Service Superannuation Plan	Teachers' Pension Plan	Post- Secondary Education Plans	Public School Division Plans	Other Plans	Total 2013	Total 2012
MEMBER DATA							
Defined benefit pension plan							
Number of active and deferred members.....	34,000	22,400	6,100	4,300	300	67,100	65,400
Number of pensioners.....	18,000	12,800	1,700	1,500	300	34,300	33,000
Total number of plan members.....	<u>52,000</u>	<u>35,200</u>	<u>7,800</u>	<u>5,800</u>	<u>600</u>	<u>101,400</u>	<u>98,400</u>

ACTUARIAL ASSUMPTIONS

Discount rate on accrued benefits.....	6.00%	6.50%	5.00% - 5.85%	5.50% - 6.00%	5.00% - 5.50%
Expected long-term rate of return.....	6.00%	6.50%	5.00% - 5.85%	5.50% - 6.00%	5.00% - 5.50%
Inflation.....	2.00%	2.25%	2.00% - 2.75%	2.00% - 2.50%	2.00% - 2.50%
Real rate of return.....	4.00%	4.25%	2.25% - 3.85%	3.50%	3.00% - 3.50%
Rate of salary increase.....	3.75%	3.00%	3.00% - 3.50%	3.00% - 4.25%	3.50%

Note A: Post-Secondary Education plans include the University of Manitoba Pension Plans, the University of Winnipeg Pension Plan and the Brandon University Retirement Plan.

Public School Division plans include the Winnipeg School Division Pension Fund for Employees Other Than Teachers, Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division and Retirement Plan for Employees of Frontier School Division.

Other plans include the Members of Legislative Assembly Pension Plan, the Legislative Assembly Pension Plan, the Judges' Supplemental Pension Plan, and the Winnipeg Child and Family Services Employee Benefits Retirement Plan.

Note B: For those plans that the Government is unable to access surplus funds within the plan, adjustments are made to record an allowance against these surplus amounts. These pension surplus allowances represent the excess of the adjusted benefit asset over the employers' share of the expected future benefit.

Note C: The latest actuarial valuation report dates and the estimated average remaining service life (EARSL), in years, are as follows:

	Valuation Date	EARSL
- Civil Service Superannuation Plan.....	Dec 2011	14.0
- Teachers' Retirement Allowance Plan.....	Jan 2012	11.9
- University of Manitoba Pension Plans.....	Dec 2012	9.0
- University of Winnipeg Pension Plan.....	Dec 2011	8.4
- Brandon University Retirement Plan.....	Dec 2012	10.0
- Winnipeg School Division Pension Fund for Employees Other than Teachers.....	Dec 2010	13.0
- Retirement Plan for Non-Teaching Employees of the St. James-Assiniboia School Division.....	Dec 2009	13.0
- Retirement Plan for Employees of Frontier School Division.....	Dec 2009	13.0
- Members of Legislative Assembly Pension Plan.....	Mar 2012	6.0
- Legislative Assembly Pension Plan.....	Dec 2010	8.0
- Judges' Supplemental Pension Plan.....	Mar 2010	10.0
- Winnipeg Child and Family Services Employee Benefits Retirement Plan.....	Dec 2012	0.0

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended March 31, 2013
 (\$ millions)

	General Capital Assets					Infrastructure			Totals	
	Land	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Land and Land Improvements	Transportation	Dams and Water Management Structures	Assets Under Construction	Totals
										2013
Cost										
Opening cost, as previously reported	214	6,579	2,325	752	843	326	3,618	520	341	15,518
Restatements	-	7	(1)	2	-	-	-	-	-	8
Reclassifications	1	8	(3)	-	-	(6)	-	-	-	-
Opening cost restated	215	6,594	2,321	754	843	320	3,618	520	341	15,526
Add:										
Additions during the year	18	400	165	85	194	16	388	31	(24)	1,273
Less:										
Disposals and write downs	-	(10)	(49)	(17)	(3)	-	-	-	(1)	(80)
Settlements and reclassifications	-	36	22	-	(59)	9	15	51	(74)	-
Closing cost	233	7,020	2,459	822	975	345	4,021	602	242	16,719
Accumulated amortization										
Opening, as previously reported	-	2,777	1,572	466	-	57	1,481	68	-	6,421
Restatements	-	6	1	1	-	-	-	-	-	8
Reclassifications	-	(1)	1	1	-	(1)	-	-	-	-
Opening accumulated amortization restated	-	2,782	1,574	468	-	56	1,481	68	-	6,429
Add:										
Amortization	-	169	139	66	-	5	124	8	-	511
Less:										
Accumulated amortization on disposals, write downs	-	(3)	(42)	(18)	-	-	-	-	-	(63)
Closing accumulated amortization	-	2,948	1,671	516	-	61	1,605	76	-	6,877
Net Book Value of Tangible Capital Assets	233	4,072	788	306	975	284	2,416	526	242	9,842
										9,097

During the year, the Province capitalized \$19 million of interest relating to assets under construction (2012 - \$16 million).

SCHEDULE 8

**FUNDS, ORGANIZATIONS AND BUSINESS ENTERPRISES
COMPRISING THE GOVERNMENT REPORTING ENTITY**

HEALTH AND HEALTHY LIVING

Manitoba Health
Manitoba Healthy Living, Seniors and Consumer Affairs
Addictions Foundation of Manitoba
Funeral Board of Manitoba
CancerCare Manitoba
Diagnostic Services of Manitoba Inc.
Financial Literacy Fund
Land Titles Assurance Fund
Manitoba Health Services Insurance Plan
Manitoba Hospital Capital Financing Authority
Not-for-Profit Personal Care Homes
Regional Health Authorities (including controlled organizations)
 Interlake-Eastern Regional Health Authority
 Northern Regional Health Authority
 Prairie Mountain Health
 Southern Regional Health Authority
 Winnipeg Regional Health Authority
Rehabilitation Centre for Children Inc.
St. Amant Centre
The Property Registry
Vital Statistics Agency

EDUCATION

Manitoba Advanced Education and Literacy
Manitoba Education
Assiniboine Community College
Brandon University
Université de Saint-Boniface
Council on Post-Secondary Education
Manitoba Text Book Bureau
Public School Divisions
Public Schools Finance Board
Red River College
University College of The North
University of Manitoba
University of Winnipeg

SCHEDULE 8
(cont'd)

FAMILY SERVICES

Manitoba Children and Youth Opportunities
Manitoba Family Services and Labour
First Nations of Northern Manitoba Child & Family Services Authority
First Nations of Southern Manitoba Child & Family Services Authority
General Child and Family Services Authority
Métis Child and Family Services Authority Inc.
Office of the Fire Commissioner
Workplace Safety and Health Public Education Fund

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT

Manitoba Aboriginal and Northern Affairs
Manitoba Agriculture, Food and Rural Initiatives
Manitoba Conservation and Water Stewardship
Manitoba Entrepreneurship, Training and Trade
Manitoba Housing and Community Development
Manitoba Infrastructure and Transportation
Manitoba Innovation, Energy and Mines
Manitoba Local Government
Abandonment Reserve Fund
Biodiesel Fund
Communities Economic Development Fund
Community Revitalization Fund
Co-operative Loans and Loans Guarantee Board
Cooperative Promotion Board
Crown Lands and Property Agency
Economic Innovation and Technology Council
Entrepreneurship Manitoba
Ethanol Fund
Farm Machinery and Equipment Act Fund
Food Development Centre
Green Manitoba Eco Solutions
Manitoba Horse Racing Commission
Industrial Technology Centre
Leaf Rapids Town Properties Ltd.
Manitoba Agricultural Services Corporation
Manitoba Cattle Enhancement Council
Manitoba Community Services Council Inc.
Manitoba Development Corporation
Manitoba Education, Research and Learning
Information Networks (MERLIN)
Manitoba Floodway and East Side Road Authority
Manitoba Gaming Control Commission

PROVINCE OF MANITOBA
PUBLIC ACCOUNTS 2012/13

SCHEDULE 8
(cont'd)

COMMUNITY, ECONOMIC AND RESOURCE DEVELOPMENT, cont'd

Manitoba Habitat Heritage Corporation
Manitoba Hazardous Waste Management Corporation
Manitoba Health Research Council
Manitoba Housing and Renewal Corporation
Manitoba Opportunities Fund Ltd.
Manitoba Trade and Investment Corporation
Manitoba Trucking Productivity Improvement Fund
Manitoba Water Services Board
Materials Distribution Agency
Mining Community Reserve
Mining Rehabilitation Reserve Fund
Pineland Forest Nursery
Quarry Rehabilitation Reserve Fund
Taking Charge! Inc. / Se Prendre En Main! Inc
Vehicle and Equipment Management Agency
Veterinary Science Scholarship Fund
Waste Reduction and Recycling Support Fund

JUSTICE AND OTHER EXPENDITURES

Legislative Assembly
Executive Council
Civil Service Commission
Manitoba Culture, Heritage and Tourism
Manitoba Finance
Manitoba Immigration and Multiculturalism
Manitoba Justice
Manitoba Sport
Civil Legal Services
Crown Corporations Council
Helen Betty Osborne Memorial Foundation
Insurance Council of Manitoba
Le Centre culturel franco-manitobain
Legal Aid Manitoba
Manitoba Arts Council
Manitoba Combative Sports Commission
Manitoba Centennial Centre Corporation
Manitoba Film & Sound Recording Development Corporation
Manitoba Law Reform Commission
Manitoba Financial Services Agency
Pension Assets Fund

PROVINCE OF MANITOBA
PUBLIC ACCOUNTS 2012/13

SCHEDULE 8
(cont'd)

JUSTICE AND OTHER EXPENDITURES, cont'd

Public Trustee of Manitoba
Special Operating Agencies Financing Authority
Sport Manitoba Inc.
Travel Manitoba
Venture Manitoba Tours Ltd.
Victims Assistance Fund

GOVERNMENT BUSINESS ENTERPRISES: (Schedule 3) (Note 4)

Utility:

Manitoba Hydro-Electric Board

Insurance:

Deposit Guarantee Corporation of Manitoba
Manitoba Public Insurance Corporation
Workers Compensation Board

Finance:

Manitoba Liquor Control Commission
Manitoba Lotteries Corporation

SPECIAL ACCOUNTS, not attached to a Sector or Department

Debt Retirement Account
Fiscal Stabilization Account

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2013
(\$ millions)

SCHEDULE 9

	Health and Healthy Living		Education		Family Services and Labour		Community, Economic and Resource Development	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Income taxes.....	-	-	-	-	-	-	-	-
Other taxes.....	-	-	627	591	-	-	18	29
Fees and other revenue.....	548	585	580	571	48	46	695	643
Federal transfers.....	1,072	1,018	116	122	4	3	294	438
Contributions from entities within the Government Reporting Entity.....	53	7	51	70	-	-	40	41
Sinking funds and other investment earnings.....	7	4	9	7	-	-	38	41
TOTAL REVENUE	1,680	1,614	1,383	1,361	52	49	1,085	1,192
EXPENSE								
Personnel services.....	3,202	3,046	2,565	2,406	198	190	418	418
Grants/Transfer payments.....	1,058	1,061	56	91	286	264	554	708
Transportation.....	60	62	32	31	6	6	35	34
Communication.....	13	15	24	24	5	5	18	18
Supplies and services.....	771	767	380	365	43	38	330	372
Social assistance related.....	-	-	4	4	562	531	710	842
Other operating.....	263	277	361	330	15	19	183	188
Debt servicing.....	52	51	135	128	1	1	228	208
Minor capital.....	15	19	49	52	1	1	10	15
Amortization.....	160	148	127	122	5	5	205	187
TOTAL EXPENSE	5,594	5,446	3,733	3,553	1,122	1,060	2,691	2,990
NET INCOME (LOSS) FOR THE YEAR	(3,914)	(3,832)	(2,350)	(2,192)	(1,070)	(1,011)	(1,606)	(1,798)

SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS BY SECTOR
For the Year Ended March 31, 2013

SCHEDULE 9
(cont'd)

REVENUE

	Justice and Other Expenditures		General Government (Note a)		Adjustments (Note b)		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Income taxes.....	-	-	3,302	3,138	-	-	3,302	3,138
Other taxes.....	-	-	2,966	2,767	(39)	(37)	3,572	3,350
Fees and other revenue.....	135	101	2	-	(10)	(40)	1,998	1,906
Federal transfers.....	54	51	2,413	2,699	-	1	3,953	4,332
Contributions from entities within the Government Reporting Entity.....	5	6	745	740	(175)	(151)	719	713
Sinking funds and other investment earnings.....	188	197	-	-	-	-	242	249
TOTAL REVENUE	382	355	9,428	9,344	(224)	(227)	13,786	13,688

EXPENSE

Personnel services.....	486	453	10	38	15	6	6,894	6,557
Grants/Transfer payments.....	77	95	66	129	(313)	(288)	1,784	2,060
Transportation.....	9	10	19	17	-	1	161	161
Communication.....	12	14	-	1	-	-	72	77
Supplies and services.....	202	202	24	203	57	53	1,807	2,000
Social assistance related.....	33	32	-	-	-	-	1,309	1,409
Other operating.....	29	25	44	199	17	6	912	1,044
Debt servicing.....	423	436	-	-	-	(9)	839	815
Minor capital.....	2	3	-	-	-	-	77	90
Amortization.....	7	7	7	3	-	4	511	476
TOTAL EXPENSE	1,280	1,277	170	590	(224)	(227)	14,366	14,689
NET INCOME (LOSS) FOR THE YEAR	(898)	(922)	9,258	8,754	-	-	(580)	(1,001)

Note a: The general government category includes revenue from sources that cannot be attributed to a particular sector.

Note b: Consolidation adjustments are necessary to conform sectors to Government accounting policies and to eliminate transactions between sectors.

OTHER FINANCIAL REPORTS

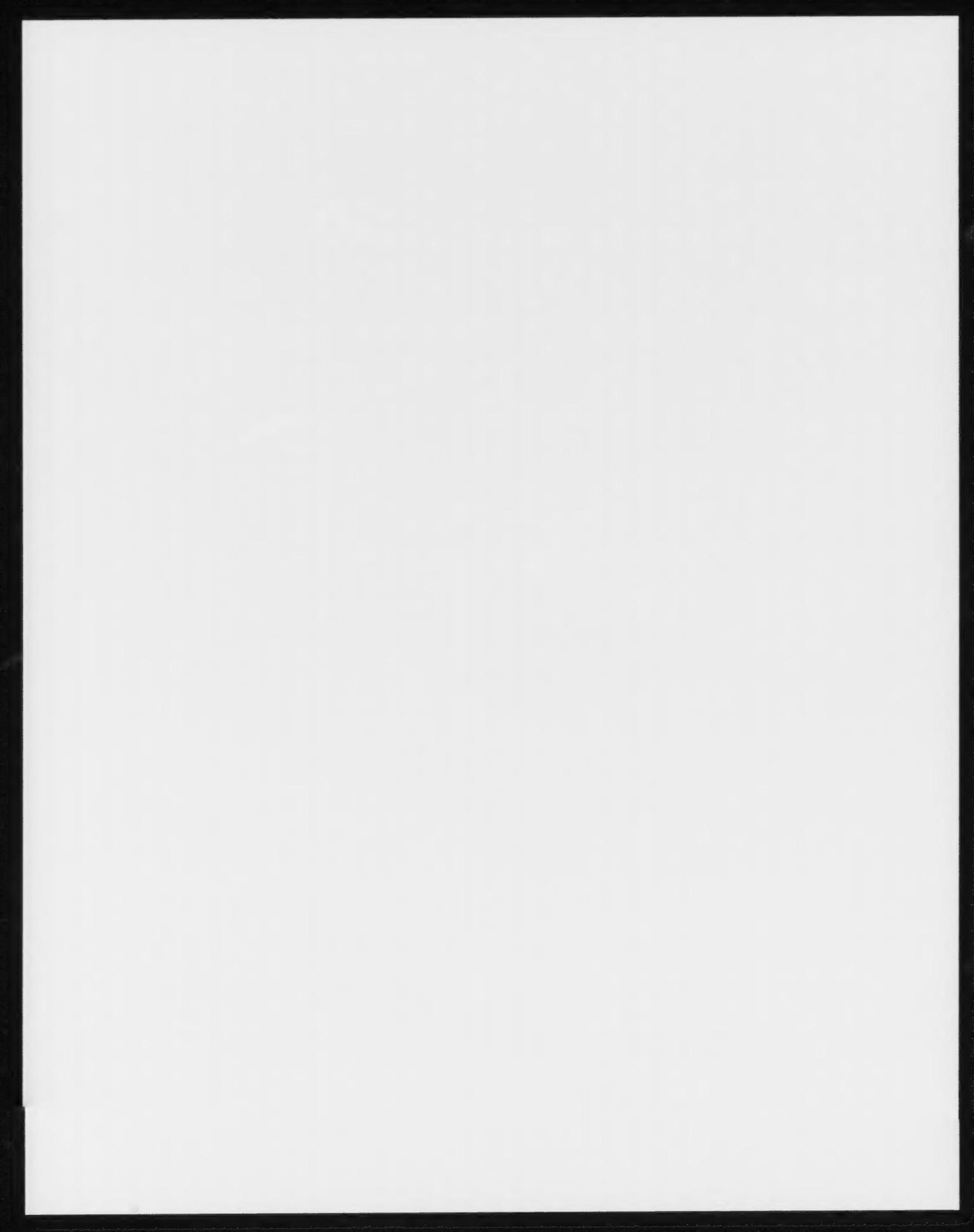
FOR THE YEAR ENDED

March 31, 2013



SECTION 2**OTHER FINANCIAL REPORTS**

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(ii) of the *Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information in the Fiscal Stabilization Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 is prepared, in all material respects, in accordance with section 65(1)(c)(ii) of the *Financial Administration Act*.

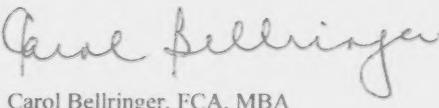
Basis of Accounting

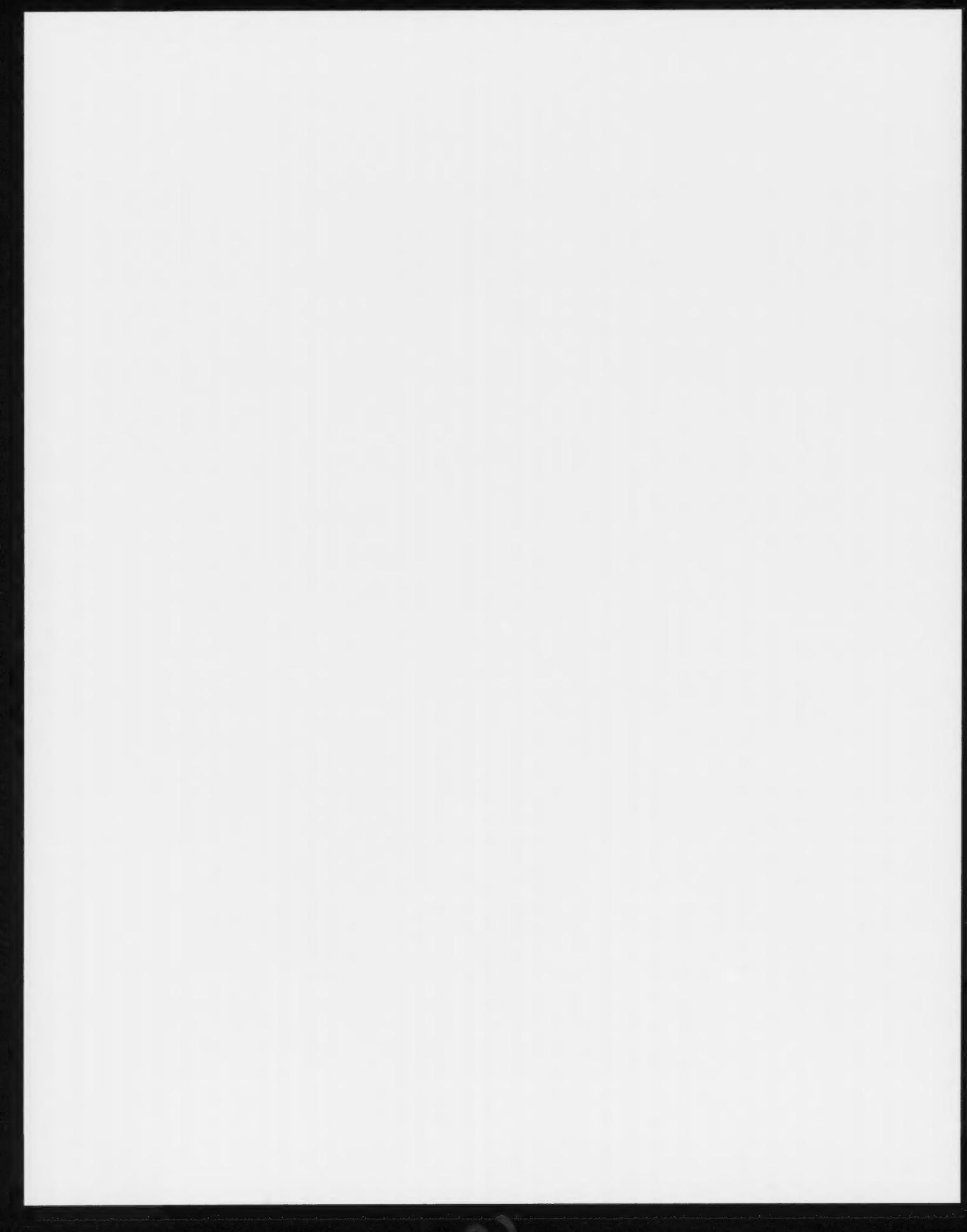
Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of Section 65(1)(c)(ii) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

Unaudited Information

Without modifying our opinion, we draw attention to the Schedule of Supplementary Information which has been presented as unaudited information. The financial information in this schedule is not covered by our report and accordingly, we do not express an opinion on the information.

August 28, 2013
Winnipeg, Manitoba


Carol Bellringer, FCA, MBA
Auditor General



PROVINCE OF MANITOBA
OTHER FINANCIAL REPORTS 2012/13

FISCAL STABILIZATION ACCOUNT
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2013

	(\$ thousands)	
	2013	2012
Transfer to Core Government operations	(152,005)	(155,401)
Account Balance, beginning of year	<u>526,538</u>	<u>681,939</u>
Account Balance, end of year	<u>374,533</u>	<u>526,538</u>

FISCAL STABILIZATION ACCOUNT
NOTES TO STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE
For the Year Ended March 31, 2013

1. The Fiscal Stabilization Account was established under the authority of subsection 26.1(1) of *The Financial Administration Act*. The Fiscal Stabilization Fund established under *The Fiscal Stabilization Fund Act* is continued as the Fiscal Stabilization Account. The legislated purpose of the Account is to assist in stabilizing the fiscal position by supporting core government operations in a fiscal year or to repay debt. Under subsection 26.1(3) the Minister of Finance, with the approval of the Lieutenant Governor in Council, may deposit in the Account any part of the revenue or other financial assets received in the core government in any fiscal year. Under subsection 26.1(4), the Minister of Finance may, with the approval of the Lieutenant Governor in Council, transfer all or part of the Account balance to the core government.
2. Transactions in the Fiscal Stabilization Account are accounted for on an accrual basis and reflect the transfers made under Section 26.1(3) and 26.1(4) of *The Financial Administration Act*. Transfers are determined by the Minister of Finance and are authorized with an Order in Council. The report on these transactions is made in accordance with Section 65(1)(c)(ii) of *The Financial Administration Act*.
3. It is the Government's policy to divide the Fiscal Stabilization Account into two programs, the Health Program and the General Program, as presented in the attached, unaudited Schedule of Supplementary Information. Funds were allocated to the Health Program based upon funds received from the Federal Government for Wait Time Reduction programming and Other Health Related programming.
4. Subsection 26.1(2) of *The Financial Administration Act* stipulates that the Minister of Finance shall make every effort to ensure that the balance of the Account at the end of each fiscal year is at least 5% of the core government expenditures for that year. As authorized under amendments to *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act*, Part 4.1, during the 5 year economic recovery period the Minister is directed to transfer at least \$600 million from the Fiscal Stabilization Account to the core government to support the amortization of increases in general purposes debt, including related interest expenses, attributable to negative net results for fiscal years within that period.

PROVINCE OF MANITOBA
OTHER FINANCIAL REPORTS 2012/13

FISCAL STABILIZATION ACCOUNT
SCHEDULE OF SUPPLEMENTARY INFORMATION
(Unaudited)
For the Year Ended March 31, 2013

	(\$ thousands)	
	2013	2012
Fiscal Stabilization Account by Program		
Health Program		
Account Balance, beginning of year	7,834	32,834
Health Program Transfers		
- Wait Time reduction Programming	<u>(7,834)</u>	<u>(25,000)</u>
Account Balance, end of year	<u>-</u>	<u>7,834</u>
General Program		
Account Balance, beginning of year	518,704	649,105
General Program Transfers		
- Health Program	7,834	25,000
- ecoTrust	(4,171)	(6,401)
- Transfer for General Purpose debt reduction	(140,000)	(110,000)
- Transfer for General Purpose debt servicing costs	-	(14,000)
- Transfer to Core Government - allocated to general purposes	<u>(7,834)</u>	<u>(25,000)</u>
Account Balance, end of year	<u>374,533</u>	<u>518,704</u>
Total Account Balance, end of year	<u>374,533</u>	<u>526,538</u>





INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Province of Manitoba

We have audited the accompanying Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 ("the statement"). The statement has been prepared by management based on section 65(1)(c)(i) of the *Financial Administration Act*.

Management's Responsibility for the Statement

Management is responsible for the preparation of this statement in accordance with the *Financial Administration Act* and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

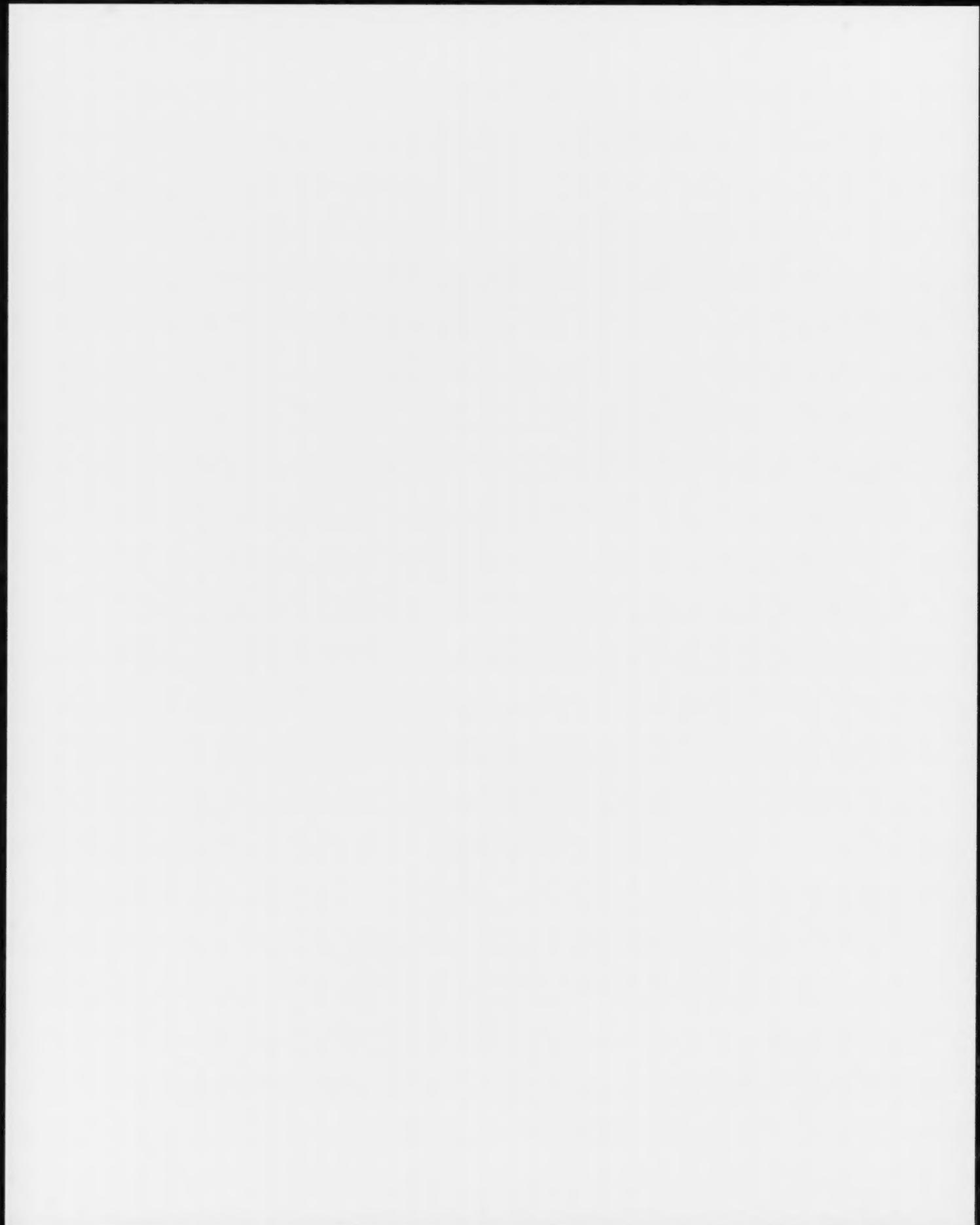
In our opinion, the financial information in the Debt Retirement Account Statement of Transfers and Account Balance of the Province of Manitoba for the year ended March 31, 2013 is prepared, in all material respects, in accordance with section 65(1)(c)(i) of the *Financial Administration Act*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement, which describes the basis of accounting. The statement is prepared to assist the entity to meet the requirements of section 65(1)(c)(i) of the *Financial Administration Act*. As a result, the statement may not be suitable for another purpose.

August 28, 2013
Winnipeg, Manitoba

Carol Bellringer, FCA, MBA
Auditor General



PROVINCE OF MANITOBA
OTHER FINANCIAL REPORTS 2012/13

DEBT RETIREMENT ACCOUNT
STATEMENT OF TRANSFERS
AND ACCOUNT BALANCE

For the Year Ended March 31, 2013

	2013	2012
Account Balance, end of year	<hr/> <hr/>	<hr/> <hr/>

Notes to Financial Information

1. The Debt Retirement Account was established under the authority of *The Balanced Budget, Fiscal Management and Taxpayer Accountability Act* (Act). The Debt Retirement Fund established under the Act is continued as the Debt Retirement Account. The purpose of the Account was to assist in the orderly repayment of debt pursuant to the Act.
2. Transactions in the Debt Retirement Account are accounted for on an accrual basis. Transfers to the account are made in accordance with Sections 13(2) and 13(3) of the Act. Transfers from the account are made in accordance with Section 14(1) and 14(2) of the Act. The report on these transactions is made in accordance with Section 65(1)(c)(i) of *The Financial Administration Act*.
3. In accordance with subsection 14(2) of the Act, which requires the balance of the debt retirement account to be transferred to the Core Government at least once every five years for the purpose of reducing general purpose debt, the Government transferred \$145 million from the Debt Retirement Account to the Core Government on April 14, 2010.
4. Subsection 13(2) of the Act was amended to not apply to those periods falling within the economic recovery period, ending March 31, 2014, and as a result there was no transfer from Core Government operations for the specific purpose of reducing general purpose debt and pension obligations. Consequently there was no transfer from the Debt Retirement Account for the specific purpose of providing for the future retirement of pension obligations in accordance with subsection 14(1) of the Act.



**SUMMARY FINANCIAL STATEMENTS
CONSOLIDATED DETAILS AND RECONCILIATION
TO CORE GOVERNMENT RESULTS**

For the Year ended March 31, 2013

Unaudited

(\$ millions)

	2013			2012		
	Core Government	Consolidation Impacts	Summary 2013	Core Government	Consolidation Impacts	Summary 2012
REVENUE						
Income taxes.....	3,302	-	3,302	3,121	17	3,138
Other taxes.....	3,078	494	3,572	2,916	434	3,350
Fees and other revenue.....	542	1,456	1,998	515	1,391	1,906
Federal transfers.....	3,680	273	3,953	4,053	279	4,332
Net income from government business enterprises.....	558	161	719	597	116	713
Sinking funds and other investment earnings.....	-	242	242	-	249	249
TOTAL REVENUE	11,160	2,626	13,786	11,202	2,486	13,688
EXPENSES						
Health and Healthy Living.....	5,077	410	5,487	4,901	427	5,328
Education	2,327	1,242	3,569	2,262	1,127	3,389
Family Services.....	1,108	(46)	1,062	1,049	(36)	1,013
Community, Economic and Resource Development.....	2,175	230	2,405	2,290	444	2,734
Justice and Other Expenditures.....	930	74	1,004	1,360	50	1,410
Debt Servicing.....	233	606	839	236	579	815
TOTAL EXPENSES	11,850	2,516	14,366	12,098	2,591	14,689
Net Income (Loss) before Transfers for Expense Recovery	(690)	110	(580)	(896)	(105)	(1,001)
Transfer (to) from Fiscal Stabilization Account.....	12	(12)	-	45	(45)	-
Net Result before Transfers for Debt Repayment	(678)	98	(580)	(851)	(150)	(1,001)
Transfer (to) from Fiscal Stabilization Account.....	140	(140)	-	110	(110)	-
NET RESULT FOR THE YEAR AFTER TRANSFERS	(538)	(42)	(580)	(741)	(260)	(1,001)

